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Transcript of Jean Paul Sevilla

Date: July 21, 2021

Case: UBS Securities LLC, et al. -v- Highland Capital Management, L.P.

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Transcript of Jean Paul Sevilla

1 (1 to 4)

Conducted on July 21, 2021

1 IN THE UNITED STATES BANKRUPTCY COURT
2 FOR THE NORTHERN DISTRICT OF TEXAS
3 DALLAS DIVISION

4 In re §
5 HIGHLAND CAPITAL § Chapter 11
6 MANAGEMENT, L.P., § Case No. 19-34054-SGJ11
7 Debtor.
8
9 UBS SECURITIES LLC AND §
10 UBS AG LONDON BRANCH, §
11 Plaintiffs, § Adversary Proceeding
12 VS. § No. 21-03020-sgj
13
14 HIGHLAND CAPITAL §
15 MANAGEMENT, L.P., §
16 Defendant. §

17
18
19 Videotaped Deposition of
20 JEAN PAUL SEVILLA
21 Dallas, Texas
22 Wednesday, July 21, 2021
23 9:40 a.m.
24
25 Job No.: 386776
26 Pages: 1 - 318
27 Reported by: Micheal A. Johnson, RDR, CRR

1 APPEARANCES

2 ON BEHALF OF PLAINTIFFS

3 UBS SECURITIES LLC AND

3 UBS AG LONDON BRANCH:

4 Sarah Tomkowiak
Andrew B. Clubok (Via Zoom)
5 LATHAM & WATKINS LLP
555 Eleventh Street, N.W., Suite 1000
6 Washington, D.C. 20004
(202) 637-2200
7 sarah.tomkowiak@lw.com
andrew.clubok@lw.com

8 Shannon E. McLaughlin
9 LATHAM & WATKINS LLP
885 Third Avenue
10 New York, New York 10022-4834
(212) 906-4612
11 shannon.mclaughlin@lw.com

12 ON BEHALF OF DEFENDANT

13 HIGHLAND CAPITAL MANAGEMENT, L.P.:

14 Robert J. Feinstein (Via Zoom)
PACHULSKI STANG ZIEHL & JONES LLP
15 780 Third Avenue, 34th Floor
New York, New York 10017-2024
(212) 561-7700
16 rfeinstein@pszjlaw.com

17

18 ON BEHALF OF THE WITNESS:

19 Frances A. Smith
ROSS & SMITH, PC
20 700 N. Pearl Street, Suite 1610
Dallas, Texas 75201
(214) 377-7879
21 frances.smith@judithross.com

22

23 Debra A. Dandeneau
BAKER & MCKENZIE, LLP
452 Fifth Avenue
24 New York, New York 10018
(212) 626-4875
25 debra.dandeneau@bakermckenzie.com

1 Deposition of JEAN PAUL SEVILLA, held at
2 the location of:
3
4 Butler Snow LLP
5 2911 Turtle Creek Boulevard, Suite 1400
6 Dallas, Texas 75219
7 (469) 680-5500
8
9
10 Pursuant to Notice, before Micheal A.
11 Johnson, Registered Diplomatic Reporter and
12 Court-Official Reporter

1 APPEARANCES CONTINUED
2 VIDEOGRAPHER:

10 Pursuant to Notice, before Micheal A.
11 Johnson, Registered Diplomate Reporter and
12 Certified Realtime Reporter.

Transcript of Jean Paul Sevilla

2 (5 to 8)

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4	Exhibit 46	Notice of Transfer of Claim 24 Other Than for Security	4	Exhibit 63	Subpoena to Testify at a 265 Deposition in a Bankruptcy Case (or Adversary Proceeding)
5	Exhibit 47	04/19/2017 E-mail, Isaac 36 Leventon to JP Sevilla, with Attachment HCMUBS005251 - HCMUBS005268	5	Exhibit 64	Subpoena to Produce 266 Documents, Information, or Objects or to Permit Inspection of Premises in a Bankruptcy Case (or Adversary Proceeding)
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3 Exhibit 2	208	1	MR. FEINSTEIN: Via Zoom, Robert
4 Exhibit 3	226	2	Feinstein, Pachulski Stang Ziehl & Jones, counsel
5 Exhibit 9	.....	234	3	for defendant Highland Capital Management, LP.
6 Exhibit 19	.....	237	4	THE VIDEOGRAPHER: The court reporter
7 Exhibit 26	.....	65	5	today is Micheal Johnson also representing
8 Exhibit 28	.....	72	6	PlanetDepos. If the court reporter would please
9 Exhibit 38	.....	263	7	swear in the witness.
10			8	JEAN PAUL SEVILLA,
11			9	called as a witness, having been duly sworn by a
12			10	Notary Public, was examined and testified as
13			11	follows:
14			12	EXAMINATION
15			13	BY MS. TOMKOWIAK:
16			14	Q Good morning, Mr. Sevilla.
17			15	A Good morning.
18			16	Q Have you ever been deposed before?
19			17	A I have.
20			18	Q Okay. So we will skip a lot of the ground
21			19	rules and we'll get right into it. I will just
22			20	ask that if you do not answer -- if you don't
23			21	understand my question, please ask me to clarify.
24			22	Otherwise, I'm going to assume that you do
25			23	understand my question. Is that fair?
1	PROCEEDINGS	10	24	A Yes.
2	THE VIDEOGRAPHER: Here begins disk No. 1		25	Q Okay. And you understand that you're
3	in the videotaped deposition of Jean Paul Sevilla.		12	1 testifying today here under oath?
4	This is regarding the Highland Capital Management,		2	A Yes.
5	LP. This is in the matter of UBS Securities LLC		3	Q How many times have you been deposed?
6	and UBS AG London Branch versus Highland Capital		4	A Three or four.
7	Management, LP in the United States Bankruptcy		5	Q And generally speaking, what types of
8	Court for the Northern District of Texas, Dallas		6	matters?
9	Division, filed as Case No. 19-34054-SGJ11.		7	A Both commercial litigation. One -- both
10	Today's date is Wednesday, July 21st,		8	commercial litigation cases.
11	2021. Our time on the video monitor is 9:40 a.m.		9	Q Okay. Are you an attorney?
12	Videographer today is Brian Krieger representing		10	A Yes.
13	PlanetDepos. This video deposition is taking		11	Q What type of law do you practice?
14	place at Butler Snow, 2911 Turtle Creek Boulevard,		12	A Corporate, transactional for the most
15	Suite 1400 in Dallas, Texas.		13	part.
16	Would counsel please voice identify		14	Q Where are you barred?
17	themselves and whom they represent.		15	A New York, Texas and California.
18	MS. SMITH: Frances Smith with Ross &		16	Q Where did you obtain your law degree?
19	Smith on behalf of JP Sevilla.		17	A University of North Carolina at Chapel
20	MS. DANDENEAU: Debra Dandeneau from the		18	Hill.
21	firm of Baker McKenzie here on behalf of Jean Paul		19	Q And when did you get your JD?
22	Sevilla.		20	A 2007.
23	MS. TOMKOWIAK: Sarah Tomkowiak and		21	Q Do you have any other professional
24	Shannon McLaughlin on behalf of -- of Latham &		22	licenses?
25	Watkins on behalf of UBS.		23	A I don't believe so.
			24	Q And you have a bachelor's degree, correct?
			25	A Yes.

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	13		15
1	Q From the United States Naval Academy?	1	said it was a relatively new company, I think.
2	A Correct.	2	A Early this year. I don't know exactly
3	Q Did you serve in the Navy?	3	when.
4	A Yes.	4	Q Do you know who owns Skyview?
5	Q Approximately when did your service end?	5	A Yes.
6	A 2006.	6	Q Who?
7	Q Were you honorably discharged?	7	A Scott Ellington.
8	A Yes.	8	Q Anyone else?
9	Q Where are you currently employed?	9	A No.
10	A Skyview Group.	10	Q Do you work with anybody at Skyview who
11	Q What does Skyview Group do?	11	also used to work at Highland Capital Management?
12	A Skyview Group is a -- effectively a	12	A Yes.
13	consultancy, but a back and middle office services	13	Q And who is that?
14	provider to financial services firms, banks -- and	14	A It's a long list.
15	banks in the financial services industry.	15	Q Go for it.
16	Q What does it mean to provide back and	16	A Just start hitting names?
17	middle services?	17	Q Yeah.
18	A So Skyview provides accounting support,	18	A Brian Collins, Frank Waterhouse, Will
19	recruiting, HR, IT. I'm sure I'm forgetting some,	19	Mabry, Matt DiOrio, Stephanie Vitiello, Isaac
20	but generally that sort of back and middle office	20	Leventon, Brad McKay. The employee count is north
21	functionality that you would find at a financial	21	of 30 and most of those -- most, if not all, were
22	services firm.	22	ex-Highland employees, so it's a substantial
23	Q When did you start at Skyview?	23	percentage of my coworkers are ex-Highland people.
24	A March 1st of this year.	24	Q Were they all recruited by Mr. Ellington?
25	Q Okay. And what's your title?	25	A I wouldn't characterize it that way.
	14		16
1	A Managing director.	1	Q How would you characterize it? Were they
2	Q Who hired you at Skyview?	2	all hired by him?
3	A I don't know if it was an individual	3	A They were hired by Skyview, so by
4	per se. Mr. Ellington owns Skyview, so I would	4	extension, if you want to say it that way, I guess
5	say it's his decision to employ me ultimately.	5	that's fair.
6	Q And by Mr. Ellington, you're referring to	6	Q Does Ms. Katie Lucas work there?
7	Scott Ellington?	7	A Yes. She is on leave, though. She has
8	A Yes.	8	not worked on anything, as far as I know, though.
9	Q As managing director, what are your duties	9	Does she work there? I think she's technically an
10	and responsibilities, generally speaking?	10	employee, but she's not actively doing stuff, as
11	A Fairly varied at this point. I support	11	far as I know.
12	our clients' private equity investments, I work on	12	Q I appreciate the clarification. Is
13	internal Skyview matters as the business is being	13	Mr. Dondero affiliated at all with Skyview?
14	sort of built up. It's a fairly new enterprise.	14	MS. SMITH: Objection to form.
15	And then tasks that can come from our clients,	15	A What do you mean by affiliated?
16	ranging from, you know, questions related to	16	BY MS. TOMKOWIAK:
17	potentially compliance questions or things of that	17	Q In the broadest sense possible. Does he
18	ilk.	18	own it? Does he work there? Does he have any
19	Q Are you in the legal department?	19	connection to Skyview?
20	A I guess technically. Yeah. Yes.	20	MS. SMITH: Objection, form.
21	Q Who do you report to?	21	A He doesn't own it. He doesn't work there.
22	A Mr. Ellington.	22	I think he's in control of entities that are
23	Q And what's his title?	23	Skyview clients, currently.
24	A President, I believe.	24	BY MS. TOMKOWIAK:
25	Q Do you know when Skyview was formed? You	25	Q What do you mean by control?

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	17	19
1 A For example, he's the president of		1 A Sure. I was hired into the legal group.
2 NexPoint Advisors and NexPoint Advisors is a		2 My title was corporate counsel. I reported to
3 client.		3 Thomas Surgent. And you asked for the
4 Q Let me put it this way. Does Mr. Dondero		4 progression; is that right?
5 have any financial interest in Skyview?		5 Q Yes. And I'm happy if you'd like to step
6 A He does not.		6 through it myself, but if you --
7 Q Who sets your salary?		7 A Yeah, yeah. About a year in, my duties
8 A Mr. Ellington.		8 expanded and so my title was changed to assistant
9 Q And is Skyview your only source of income		9 general counsel from corporate counsel. That
10 currently?		10 would have been in 2013.
11 A Yes. No, it is not.		11 Q Did you still report to Mr. Surgent at
12 Q What other source of income do you have?		12 that time?
13 A Well, actually it is. I'm on -- I still		13 A Yes. Assistant general counsel was a
14 serve on several portfolio company boards and I'm		14 title that I would then have until the end of my
15 correcting myself because those board fees are		15 time at Highland. But I would say in 2018, in
16 going back to the funds that own the equity		16 addition to my duties in the legal group and sort
17 interest, so my original answer stands. My only		17 of consistent with my duties within the legal
18 source of income is Skyview.		18 group, portions of the private equity business
19 Q Okay. And how much do you make?		19 were transferred to legal, but I started working
20 A There's a deferred component. My base is		20 more on the portfolio companies within the private
21 275,000 and my annual bonus thus far for this		21 equity business, culminating in, I guess the
22 year, I believe I've been paid 350,000.		22 beginning of 2020, where my title changed to
23 Q Who decides whether and how much you get		23 cohead of private equity and assistant general
24 for a bonus?		24 counsel all within the legal group.
25 A It's a new company, so I'm not sure going		25 Q Did you report to Thomas Surgent for that
	18	20
1 forward, but I would say the president of the		1 entire period of time or did that ever change?
2 company decided.		2 A I believe I reported to him for most of
3 Q That's Mr. Ellington?		3 the time. There may have been a period in maybe
4 A Yes.		4 2018 that I didn't. But at the end of my tenure,
5 Q And how does that salary compare to your		5 I reported to him and certainly during the first
6 salary at Highland Capital Management? If I say		6 several years at Highland, I reported to him as
7 HCM, is that --		7 well.
8 A Sure.		8 Q Did you have any dotted line reporting
9 Q How is your salary compared to your salary		9 relationships?
10 at HCM?		10 MS. SMITH: Objection, form.
11 A Consistent with what I was paid at HCM.		11 BY MS. TOMKOWIAK:
12 Q So let's turn to HCM. During what period		12 Q Do you know what I mean by dotted line?
13 of time were you employed by HCM?		13 A If you could tell me what you mean by it.
14 A From 2012 through 2021.		14 Q Sure. Like on a corporate org chart,
15 Q How did you come to start working for HCM?		15 sometimes you have a direct report but then you
16 A Can you be a little more specific?		16 also have like somebody you indirectly report to.
17 Q Sure. Did you apply? Did someone reach		17 Is there anybody like that?
18 out to you? How did you get that job?		18 A I don't remember there being a dotted line
19 A It was through a headhunter.		19 as it relates to me. But practically speaking, I
20 Q Through a headhunter?		20 would work with Mr. Ellington directly,
21 A Yes.		21 irrespective of whether I was Mr. Surgent's direct
22 Q Can you -- nine years is a long period of		22 report, as well as Mr. Dondero from time to time.
23 time, so can you just walk me through your roles		23 Q Did anyone report to you?
24 at HCM from when you started through when you		24 A At different times in -- at Highland, yes.
25 left?		25 Q And to the best of your recollection, who

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	21		23
1	reported to you?	1	Q And when I say Highland, I mean HCM.
2	A Cameron Baynard, Sean Fox. I think those	2	A Yes. Understood.
3	would have been my only direct reports.	3	Q So you didn't divide up your time spent
4	Q And generally speaking, what were your	4	working for different Highland entities or funds?
5	duties as associate general counsel?	5	A What do you mean by that?
6	A Assistant general counsel.	6	Q And that was vague. You didn't, like,
7	Q I'm sorry, assistant general counsel. I	7	write down your time or somehow submit an invoice
8	apologize.	8	or something like that?
9	A It's okay. Generally anything in the	9	A No.
10	legal group that required assistance. It could be	10	Q Okay. Were you paid by HCM on an hourly
11	corporate matters relating to fund -- fund	11	basis or just a salary arrangement?
12	documents or launching new funds, it could have	12	A Salaried.
13	been managing some litigation, but kind of a wide	13	Q And you said it was relatively consistent
14	range of sort of a mishmash of both kind of legal	14	with the -- your salary at Skyview?
15	and sometimes nonlegal workflows and tasks.	15	A Yes.
16	Q When did you leave HCM?	16	Q And you also had an opportunity to receive
17	A I believe my last day was February 28th of	17	17 a bonus?
18	2021.	18	A Yes.
19	Q Why did you leave?	19	Q Are you familiar with an entity called
20	A I was terminated.	20	20 CPCM LLC?
21	Q Okay. Who terminated you?	21	A Yes.
22	A Mr. Seery.	22	Q What is that?
23	Q While you were employed, you mentioned	23	A That is an entity that is a wholly owned
24	working with portfolio companies. Did you work	24	subsidiary of Skyview. Skyview's legal name is
25	25 with specific Highland funds?	25	Highgate Consulting Group, Inc. It uses a dba in
	22		
1	A Yes.	1	1 Texas, but that is an entity owned by Skyview that
2	Q Okay.	2	2 essentially houses Skyview employee claims,
3	3 compensation claims.	3	3
4	A Sorry, what do you mean -- work with	4	Q So just so I understand. So Skyview's
5	specific Highland funds, what do you mean by that?	5	legal name is Highgate Consulting Group; is that
6	Q Like would you have done, just picking a	6	right?
7	fund, CDO Opportunity Master Fund, would you have	7	A Yes.
8	done work specifically for that fund or would you	8	Q And it does business as Skyview in Texas?
9	say that your work was undertaken on behalf of	9	A Correct.
10	HCM, as opposed to any particular fund?	10	Q And CPCM is a wholly owned subsidiary of
11	A I mean, my work was -- I mean, HCM was my	11	11 Highgate?
12	employer. HCM is in the business of managing	12	A Yes.
13	funds, among other things, so I don't necessarily	13	Q You submitted a claim in the underlying
14	distinguish between the two. But you mentioned	14	14 bankruptcy case in this matter; is that right?
15	portfolio companies, you know, to the extent a	15	A Yes.
16	fund had an interest, an equity interest or some	16	Q And you've since transferred that claim to
17	other interest in a portfolio company, my work for	17	17 CPCM?
18	that portfolio company would have been in	18	A Yes.
19	connection with managing -- Highland managing that	19	Q Okay.
20	fund.	20	(Deposition Exhibit 46 marked for
21	Q Who paid you at Highland? Was it just	21	identification.)
22	Highland?	22	BY MS. TOMKOWIAK:
23	A Yes.	23	Q I'm going to hand you what has been
24	Q Okay. So you weren't paid by any entity	24	previously marked as Exhibit 46. To be clear,
25	other than Highland?	25	what we have just marked as Exhibit 46, it has not

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1 been an exhibit in this case to date.
 2 MS. SMITH: Sarah, I'm going to object on
 3 this. What is the relevance of this to the motion
 4 for a temporary restraining order and preliminary
 5 injunction?

6 MS. TOMKOWIAK: I just want to understand
 7 this particular witness's financial stake in this
 8 matter. I'll be super brief. It will just be
 9 five minutes. I just want to clarify --

10 MS. SMITH: I just want to note my
 11 objection on the record. Okay.

12 BY MS. TOMKOWIAK:

13 Q Mr. Sevilla, do you recognize this
 14 document?

15 A I do.

16 Q Okay. And this is the document
 17 transferring your claim to CPCM on March 22nd,
 18 2021?

19 A Yes.

20 Q And that's your signature on the second
 21 page?

22 A Yes.

23 Q Okay. Did you approach CPCM or did it
 24 approach you?

25 MS. SMITH: Objection, relevance.

1 A I don't think either side approached the
 2 other. Transferring my compensation claim to this
 3 entity was an expectation of my employer.

4 BY MS. TOMKOWIAK:

5 Q I see. So that's why you sold your claim
 6 to CPCM?

7 MS. SMITH: Objection, relevance.

8 A I wouldn't characterize it as sold. I
 9 assigned it.

10 BY MS. TOMKOWIAK:

11 Q Based on your testimony, it's fair to say
 12 you assigned it as a condition of your employment?

13 MS. SMITH: Objection, form.

14 A Yes.

15 BY MS. TOMKOWIAK:

16 Q Okay. You can set that aside.

17 MS. SMITH: What was the exhibit number on
 18 that?

19 MS. TOMKOWIAK: 46.

20 BY MS. TOMKOWIAK:

21 Q While you were at HCM, what e-mail address
 22 did you use?

23 A jsevilla@hcmlp.com was my Highland e-mail.

24 Q Did you ever use

25 jsevilla@highlandcapital.com?

25

27

1 A I believe they were one and the same.
 2 They changed it from HCMLP to Highland Capital at
 3 some point, but to me they're synonymous.

4 Q Any others?

5 A Those are the only Highland e-mail
 6 addresses I had.

7 Q Did you ever use your personal e-mail
 8 address in connection with your work for HCM?

9 A No.

10 Q After you were terminated in
 11 February 2021, did you have a chance to clean out
 12 your office?

13 A After I was terminated?

14 Q Uh-huh.

15 A Not after. It was before.

16 Q Okay. So you --

17 A I didn't have an office. I had a desk.

18 Q Okay. But you did have a chance to clean
 19 out your desk?

20 A I did.

21 Q So any files that you had on your desk
 22 were left at HCM?

23 A To the -- not every file.

24 Q Okay. That's a better question. Did you
 25 take any files with you?

26

28

1 A I took some files with me, yes.

2 Q What did you take with you?

3 A Information relating to portfolio
 4 companies that I was still on the board on --
 5 board of. To the extent I had any personal
 6 effects or personal files, data, you know, in my
 7 files, or information or -- information related to
 8 NexPoint or HCMFA, which were shared services
 9 recipients that I was still going to be working
 10 on. I would say that's the -- that's the
 11 universe.

12 Q What companies do you still sit on the
 13 board of?

14 A CCS Medical, TerreStar, Lake Las Vegas. I
 15 believe that's it.

16 Q And are all of those still affiliated with
 17 HCM?

18 MS. SMITH: Objection, form.

19 A No.

20 BY MS. TOMKOWIAK:

21 Q No?

22 A No.

23 Q Were they ever?

24 A What do you mean by affiliated?

25 MS. SMITH: Objection.

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	29		31
1	BY MS. TOMKOWIAK:	1	Q Since you left HCM.
2	Q Well, again, were they owned directly or	2	A Yes.
3	indirectly? Were they a portfolio company of a	3	Q About what, generally speaking?
4	Highland fund? Were they --	4	A Signing new business at Skyview, so
5	MS. SMITH: Objection, form.	5	Skyview's financial performance and prospects.
6	A CCS --	6	Internal Skyview policies as they were being
7	MS. TOMKOWIAK: Sorry, just let me finish	7	determined just because Skyview is in the nature
8	my question -- and I know I paused there -- before	8	of a start-up at this point. Updates as to what
9	you object.	9	I'm working on with respect to the aforementioned
10	BY MS. TOMKOWIAK:	10	portfolio companies and retail funds. I think
11	Q Go ahead.	11	that would be a comprehensive universe.
12	A CCS is owned, Highland's funds don't own	12	Q Have you had any communications with
13	an interest in CCS, as do NexPoint and HCMFA fund.	13	Mr. Ellington about this matter?
14	14 TeraStar, Highland has no fund interest in	14	A No.
15	15 TerreStar. However, Highland did provide shared	15	Q Same question for Isaac Leventon. Have
16	16 services at times, such that Highland would have	16	you had any communications with him since you left
17	17 had touchpoints to TerreStar, but those are no	17	Highland?
18	18 longer. And similarly with Lake Las Vegas, it's	18	A Yes.
19	19 NexPoint and HCMFA funds that own the interest in	19	Q And generally speaking, were the nature of
20	20 that portfolio company. No Highland funds do.	20	those communications also related to your work at
21	21 But Highland's touchpoint would have been	21	Skyview?
22	22 providing shared services to those other advisors	22	A Yes.
23	23 in connection with that investment.	23	Q Have you had any communications with him
24	Q So when I've used the word affiliated, you	24	about this matter?
25	don't understand providing shared services to be	25	A No.
	30		32
1	an affiliation; is that right?	1	Q What about Matt DiOrio? Have you had any
2	A I do now, if we'd like to use -- I was --	2	communications with him since you left Highland?
3	Q I'm trying to understand how you use the	3	A Yes.
4	word.	4	Q And have those communications also related
5	A I was thinking like under common control	5	5 to your work at Skyview?
6	or something like that, but if -- I mean, that's a	6	A Yes.
7	7 much broader, I think, way to describe it.	7	Q And same question for Ms. Lucas. Have you
8	Q Okay. And I did it too so let's try not	8	had any communications with her since you left
9	to talk over each other. That was also my fault.	9	Highland?
10	Okay. Since leaving HCM, have you had any	10	A Yes.
11	communications with Mr. Dondero?	11	Q Okay. And have those communications also
12	A Yes.	12	12 been about your work at Skyview?
13	Q Generally what was the nature of those	13	A No.
14	communications?	14	MS. SMITH: Objection, form.
15	A Financial performance and prospects of	15	A No.
16	16 portfolio companies, financial performance of	16	BY MS. TOMKOWIAK:
17	17 funds advised by NexPoint and HCMFA, potential	17	Q What were those communications about?
18	18 initiatives regarding those funds. I think that	18	A Inquiring about her newborns. Personal
19	19 would be -- that's pretty comprehensive.	19	pleasantries.
20	Q Have you had any communications with	20	Q Have you had any communications with her
21	Mr. Dondero about this matter?	21	about this matter?
22	A No.	22	A No.
23	Q What about Mr. Ellington? Have you had	23	Q Do you have a -- outside of your
24	any communications with him?	24	professional relationship with the individuals
25	A About what?	25	25 that I just mentioned, do you have a personal

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	33		35
1 relationship with any of them?		1 Highland should settle that litigation?	
2 MS. SMITH: Objection, form.		2 A No.	
3 A I would say so.		3 Q What is your general understanding of that	
4 BY MS. TOMKOWIAK:		4 litigation?	
5 Q Which ones?		5 A It began in -- around the time of the	
6 A Mr. DiOrio, Mr. Leventon, to some degree		6 economic crisis, 2008, 2009, related to a	
7 Mr. Ellington, but I mean, I would say in the		7 warehouse facility, or something like it. I mean,	
8 nature of colleagues who inquire about each		8 that's pretty much the extent of it.	
9 other's personal lives.		9 Q That's the extent of your knowledge, that	
10 Q Since leaving Highland, have you had any		10 it began around the time of the economic crisis	
11 communications with any current employees of		11 related to a warehouse facility or something like	
12 Highland?		12 that?	
13 MS. SMITH: Objection, form.		13 A Yes. I mean, generally that's my	
14 A Yes.		14 understanding of what the adversity is about, a	
15 BY MS. TOMKOWIAK:		15 failed loan warehouse or some sort of warehouse	
16 Q Who?		16 facility that resulted in financial losses.	
17 A I sit on the board of CCS Medical with		17 Q Do you have any idea what the potential	
18 Cameron Baynard and Sean Fox. So in connection		18 liability was that Highland faced in that matter?	
19 with board functionality, I would say we have		19 MS. SMITH: Objection, form.	
20 communicated. I have communicated with Mr. Seery.		20 A Only anecdotally from the Highland BK,	
21 I have communicated with Tim Cournoyer. I think		21 having listened to certain things in the Highland	
22 that would be it.		22 bankruptcy.	
23 Q What were the nature of your		23 BY MS. TOMKOWIAK:	
24 communications with Mr. Seery?		24 Q So to the best of your recollection, you	
25 A Relating to a portfolio company called		25 weren't aware of that at the time?	
	34		36
1 Cornerstone Healthcare Group.		1 A At which time? I'm sorry.	
2 Q And what were the nature of your		2 Q During the time that you were employed at	
3 communications with Mr. Cournoyer?		3 Highland.	
4 A Cournoyer.		4 A Well, I --	
5 Q Cournoyer.		5 MS. SMITH: Objection, form.	
6 A Personal.		6 A My last year of employment was during the	
7 Q I'm going to transition topics to the		7 pendency of the bankruptcy, so I would have	
8 litigation between Highland and UBS in New York		8 learned more about the UBS lawsuit. But prior to	
9 State court. Are you familiar with that		9 that, I had no real knowledge or understanding	
10 litigation?		10 about what it was about.	
11 A I've heard of it.		11 MS. TOMKOWIAK: Can you mark that as 47.	
12 Q You've heard of it?		12 (Deposition Exhibit 47 marked for	
13 A Yes.		13 identification.)	
14 Q Okay. So what role, if any, did you play		14 BY MS. TOMKOWIAK:	
15 in managing that litigation for Highland?		15 Q Okay. I've handed you what we have marked	
16 MS. SMITH: Objection, form.		16 as Exhibit 47. It's an e-mail from Isaac Leventon	
17 A None.		17 to you, dated April 19th, 2017, subject:	
18 BY MS. TOMKOWIAK:		18 UBS_Settlement_Structure_(9.pptx).	
19 Q None?		19 Is that your Highland Capital e-mail	
20 A None.		20 address at the top?	
21 Q What role did you play, if any, in		21 A It is.	
22 responding to discovery requests from UBS in that		22 Q Do you have any reason to doubt that you	
23 matter?		23 received this e-mail on April 19th, 2017?	
24 A None.		24 A No.	
25 Q Did you play any role in analyzing whether		25 MS. SMITH: I'm going to raise an	

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1 objection here. To the extent this is going to
 2 require Mr. Sevilla to divulge privileged
 3 information, as he was counsel for -- in the
 4 general counsel's office for Highland at the time,
 5 I'm going to assume that the debtor will make the
 6 privilege or make the privilege objections or say
 7 that it's waived so that Mr. Sevilla can answer.

8 MR. FEINSTEIN: We will waive the
 9 privilege. This is Robert Feinstein on behalf of
 10 the debtor. To the extent it applies at all.

11 BY MS. TOMKOWIAK:

12 Q Okay. So have you had a chance to look
 13 through that attachment? Take your time, let me
 14 know when you're ready.

15 (Witness reviews document.)

16 A Okay. I've looked at it.

17 BY MS. TOMKOWIAK:

18 Q Do you recall receiving this UBS Highland
 19 Settlement Analysis in April 2017?

20 A I don't.

21 Q No recollection at all?

22 A No.

23 Q If you take a look at this -- if you turn
 24 to slide 1, the Bates number -- if I say that, do
 25 you know what I'm talking about?

37

39

1 Q Do you have any idea what was going on in
 2 the UBS litigation in New York State court in
 3 April of 2017?

4 A I don't think so, no.

5 Q Who at Highland had authority to settle a
 6 litigation matter of the magnitude of the UBS
 7 matter?

8 A I don't know. I assume Mr. Dondero would
 9 have had to sign off, but I don't know what
 10 authority had been granted at any given moment.

11 Q Okay. And similarly, you don't know
 12 whether Mr. Ellington had that authority?

13 A I don't know.

14 Q Did you have that authority?

15 A No.

16 Q Okay. If you look at slide 2, Bates
 17 ending in 53, if you see the -- halfway down, it
 18 says, Or Highland Wins in bold underline.

19 Do you see that?

20 A Yes.

21 Q Okay. And then underneath it it says:
 22 HFP is solvent. Reverses 2008's 257 million tax
 23 write-off by HCMLP.

24 Do you know anything about that
 25 257 million tax write-off?

38

40

1 A Yes.

2 Q Okay. So Bates ending in 52.

3 A Yeah.

4 Q Is this type of document familiar to you?

5 A Not really.

6 MS. SMITH: Objection, form.

7 BY MS. TOMKOWIAK:

8 Q Okay. So you don't know whether Highland
 9 prepared other settlement analyses like this?

10 A I have no direct knowledge if that's -- if
 11 it's something Highland would have done. No.

12 Q Do you know who prepared this settlement
 13 analysis?

14 A I don't.

15 Q Did you have any role in preparing it?

16 A No, not that I remember.

17 Q Do you know why Mr. Leventon is sending
 18 this to you?

19 A I do not.

20 Q Do you know who would be the recipient of
 21 a presentation like this?

22 A I'm not familiar with this sort of
 23 presentation, so I really don't have -- I don't
 24 recall any context around it. So, no, I guess the
 25 answer's no to that.

1 A No, I don't.

2 MS. SMITH: Objection, form.

3 A I do not.

4 BY MS. TOMKOWIAK:

5 Q All right. If you could turn to slide 6,
 6 Bates ending in 57.

7 A Okay.

8 Q The title here is If Highland Settles.
 9 And then No. 1, it says: Sentinel controls
 10 HFP/CDO assets (currently 94 million) (see
 11 Slide 10).

12 Do you see that?

13 A I do.

14 Q Are you familiar with the entity Sentinel?

15 A Yes.

16 Q Okay. And that was a Cayman insurance
 17 company that was owned by Mr. Dondero and
 18 Mr. Ellington, correct?

19 MS. SMITH: Objection, form.

20 A At one point, yes, I think they had an
 21 economic interest. I'm not certain if that
 22 changed.

23 BY MS. TOMKOWIAK:

24 Q Okay. And if you'd flip to slide 8, which
 25 is Bates ending in 59.

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	41	43
1 A Yes.		1 A Yes.
2 Q So this is UBS Settlement: Structure		2 Q Do you believe that refers to Scott
3 Summary. Are you familiar with any of the steps		3 Ellington?
4 that are listed on this slide, in terms of a		4 MS. SMITH: Objection, form.
5 settlement structure for settling the UBS matter?		5 A Yes.
6 MS. SMITH: Objection, form.		6 BY MS. TOMKOWIAK:
7 A I'm not familiar with the context of		7 Q Were you part of Mr. Ellington's team?
8 settlement, but these steps -- I have some		8 A Yes.
9 familiarity with the steps, sort of without --		9 Q And so it says here that the plan in
10 without that context, without a settlement		10 Step 1 is for HFP/CDO Fund to send their assets
11 backdrop or context of settlement.		11 (94 million) as ATE premium payments to Sentinel,
12 BY MS. TOMKOWIAK:		12 and then the other arrow says, Sentinel writes
13 Q Okay. And which steps are those?		13 100 million policy for UBS liability.
14 A The ATE policy from Sentinel. I mean,		14 Is that your understanding of the ATE
15 really Step 1. I mean, the rest of the steps sort		15 policy?
16 of, I guess, intuitively make sense, but I never		16 MS. SMITH: Objection, form.
17 really -- I'm not familiar with the context here.		17 A I'm not certain of the \$94 million part.
18 Q Okay. So you are -- and I'll talk about		18 The \$100 million ATE policy does -- I am familiar
19 this later today, but you're familiar with the ATE		19 with. So, yes, generally I'm familiar with this.
20 policy from Sentinel, but you were unaware that		20 BY MS. TOMKOWIAK:
21 was in connection --		21 Q Okay. And if you look at the next slide,
22 MS. SMITH: Objection, form.		22 slide 11 that's ending in Bates 62, this is UBS
23 MS. TOMKOWIAK: Hang on. Let me just		23 Settlement Step 2 - Negotiate Settlement Amount.
24 finish the question.		24 And then the box up top says: Scott to negotiate
25		25 with Andy.
	42	44
1 BY MS. TOMKOWIAK:		1 Do you know if that refers to my partner
2 Q Let me do that again.		2 Andy Clubok?
3 You were familiar with the ATE policy from		3 MS. SMITH: Objection, form.
4 Sentinel, but you were unaware that this was in		4 A I'm assuming it does.
5 connection with a potential settlement with UBS;		5 BY MS. TOMKOWIAK:
6 is that what you're saying?		6 Q Did you have any communications with
7 MS. SMITH: Objection, form.		7 Mr. Clubok in the course of the UBS litigation?
8 A I guess it's intuitive that there would be		8 A No.
9 a settlement step, but I don't recall this context		9 Q Do you know whether any of those
10 being explained to me or otherwise knowing of it		10 negotiations between Mr. Ellington and Mr. Clubok
11 in real time, if that makes sense.		11 actually occurred?
12 BY MS. TOMKOWIAK:		12 A I don't.
13 Q Do you know whether any of the steps on		13 Q You weren't part of those, if they did?
14 this page actually happened?		14 A No.
15 A I believe the ATE policy was entered into.		15 Q Who else was on Scott's team?
16 I don't know the rest.		16 MS. SMITH: Objection, form.
17 Q And this slide contemplates buying a		17 A Thomas Surgent, Tim Cournoyer, Stephanie
18 \$100 million policy; is that right?		18 Vitiello, Lauren Thedford, Helen Kim. Obviously
19 A Yes.		19 the team changed over time. I'm sort of
20 Q If you go to slide 10, and that's Bates		20 mentioning the individuals towards the end there.
21 ending 61.		21 There were other litigators over time who came --
22 A Yes.		22 you know, who came and went and corporate
23 Q It says: UBS Settlement Step 1 - ATE		23 attorneys as well. But it's the legal group. It
24 Policy, and then there's a box there that says,		24 was the Highland legal group.
25 Actor: Scott's Team?		25

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	45		47
1 BY MS. TOMKOWIAK:		1 policy, the assignment of assets and related	
2 Q What about Mr. Leventon?		2 matters.	
3 A Mr. Leventon.		3 MS. SMITH: That doesn't exactly resolve	
4 Q What about Mr. DiOrio?		4 my objection. This is an internal settlement	
5 A Mr. DiOrio, Ms. Irving.		5 analysis document, and I don't want Mr. Sevilla to	
6 Q If you could keep that exhibit open to		6 be in any kind of trouble for discussing it.	
7 slide 10, which is at Bates 61, I'm going to also		7 This, as far as I know, was not an attachment to	
8 hand you what we will mark as Exhibit 48.		8 the complaint and I don't know what, if anything,	
9 (Deposition Exhibit 48 marked for		9 she's going to ask that's related to the	
10 identification.)		10 complaint.	
11 BY MS. TOMKOWIAK:		11 MR. FEINSTEIN: Then maybe we should take	
12 Q Go ahead and take your time to flip		12 it question by question for now.	
13 through that. This is another version of the same		13 MS. TOMKOWIAK: Question by question or	
14 settlement analysis that we were just looking at.		14 document by document?	
15 A Sorry, the pages are upside down, so I'm		15 MR. FEINSTEIN: Document by document.	
16 having to --		16 We're not going to assert the privilege on this	
17 Q Yeah, for me too. That's not ideal. I		17 document.	
18 think we're all out of practice printing out hard		18 MS. SMITH: Okay.	
19 copies. I apologize for that.		19 BY MS. TOMKOWIAK:	
20 (Witness reviews document.)		20 Q So, Mr. Sevilla, my question was, do you	
21 BY MS. TOMKOWIAK:		21 have any idea what the date of this document would	
22 Q Let me know when you've had a chance to		22 be?	
23 look through that.		23 A I don't.	
24 A Okay.		24 Q So you don't know if this is the final	
25 Q So this is, again, another version of the		25 version or not?	
	46		48
1 settlement analysis that we just looked at, but it		1 MS. SMITH: Objection, form.	
2 doesn't have a date. It looks to us to be a later		2 A I don't.	
3 version in time, but do you have any idea what the		3 BY MS. TOMKOWIAK:	
4 date of this document would be?		4 Q If you look at slide 8 on this version.	
5 MS. SMITH: I'm going to object first on		5 So slide 8 contains a structure summary that is	
6 the privilege. If you're going to ask him		6 similar to the one that we just looked at, except	
7 questions about this exhibit, I want to make sure		7 for in Step 1, HFP/CDO fund by a \$90 million ATE	
8 that Highland is going to waive the privilege on		8 policy from Sentinel. Do you know why that would	
9 this so that he can answer.		9 have changed from 100 to 90?	
10 MS. TOMKOWIAK: Sure. Mr. Feinstein, I		10 MS. SMITH: Objection, form.	
11 don't know if it would make sense to do this on a		11 A I don't.	
12 piecemeal basis or if there's -- you know, if you		12 BY MS. TOMKOWIAK:	
13 want to articulate if there's going to be a		13 Q And it says here that the ATE premium is	
14 broader privilege waiver. I don't care how we do		14 all assets in HFP CDO fund. Do you see that?	
15 it. I can do it either way. It's up to you.		15 A Yes.	
16 It's your privilege.		16 Q And if you look at the very last page of	
17 MR. FEINSTEIN: Why don't we do this the		17 this exhibit -- well, the very last two pages, I	
18 way we have in prior depositions in this action,		18 guess, the second-to-last page is Appendix 1 and	
19 which is to say that the debtor is not going to --		19 then Appendix 1 is what appears to be a list of	
20 chooses not to assert the privilege to the extent		20 assets. Do you see that?	
21 that it may apply to questions that deal with the		21 A Yes.	
22 basic factual matters that are laid out in the		22 Q Okay. Is it your understanding that these	
23 complaint and in the motion to approve settlement,		23 were the assets that were planned to be used to	
24 where we disclose over the course of several		24 buy the premium for the ATE policy?	
25 paragraphs, the facts surrounding the insurance		25 MS. SMITH: Objection, form.	

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<p>1 A These look familiar. I don't know if this 2 is the final asset list or if this is 3 comprehensive. I can take it at face value, but I 4 don't have personal knowledge about the 5 completeness or incompleteness of it.</p> <p>6 BY MS. TOMKOWIAK:</p> <p>7 Q Okay. Do you know who would?</p> <p>8 A Sorry, we're referring to what? Can you 9 restate what we're -- exactly what we're talking 10 about.</p> <p>11 Q Who would have knowledge about this list 12 of assets?</p> <p>13 MS. SMITH: Objection, form.</p> <p>14 A I mean, Highland accounting, I guess, 15 relating to these entities.</p> <p>16 BY MS. TOMKOWIAK:</p> <p>17 Q Who would have pulled together something 18 like this?</p> <p>19 MS. SMITH: Objection, form.</p> <p>20 A In what year? Like when?</p> <p>21 BY MS. TOMKOWIAK:</p> <p>22 Q In 2017.</p> <p>23 A Probably Mr. Stoops, the chief accounting 24 officer. Mr. Klos. I think he was -- I don't 25 know if he was the controller then, but he -- I</p>	<p>49</p> <p>1 A An insurance company.</p> <p>2 Q Do you recall when Sentinel was formed?</p> <p>3 A 2011 -- or 2012, I believe.</p> <p>4 Q Were you involved in that?</p> <p>5 A I was.</p> <p>6 Q Do you recall at the time what the purpose 7 was of forming Sentinel?</p> <p>8 A The purpose was for it to be an insurance 9 company was my understanding.</p> <p>10 Q What type of insurance would it provide?</p> <p>11 A You're saying at formation?</p> <p>12 Q Yes.</p> <p>13 A Like what was the intention? I don't know 14 what exactly the strategic intention was. I know 15 the name -- the legal name has the word 16 reinsurance in it, but I -- at the time of 17 incorporation, I don't know what the strategic 18 vision was for it so I don't know what was 19 intended.</p> <p>20 Q Or what types of policies it would issue 21 or anything like that?</p> <p>22 A Correct.</p> <p>23 MS. TOMKOWIAK: We're on 49, right?</p> <p>24 A Should I set these to the side?</p> <p>25</p>
<p>1 remember him as the controller. I don't know who 2 else they would have consulted, but that's who I 3 would sort of assume.</p> <p>4 Q Okay. And you don't know who put this 5 specific list together?</p> <p>6 A Not that I know of, no. Not that I 7 recall.</p> <p>8 Q I am going to switch topics.</p> <p>9 MS. TOMKOWIAK: I'm good to keep going, 10 but does anybody else want to take a break now?</p> <p>11 MS. SMITH: I could actually go to the 12 ladies room.</p> <p>13 MS. TOMKOWIAK: We can go off the record.</p> <p>14 THE VIDEOGRAPHER: We are off the record 15 at 10:30 a.m.</p> <p>16 (Recess taken from 10:30 a.m. CDT to 17 10:41 a.m. CDT)</p> <p>18 THE VIDEOGRAPHER: The time is 10:41 a.m. 19 We are back on the record.</p> <p>20 BY MS. TOMKOWIAK:</p> <p>21 Q Mr. Sevilla, earlier in the day you said 22 that you were familiar with an entity named 23 Sentinel; is that right?</p> <p>24 A Yes.</p> <p>25 Q What is Sentinel?</p>	<p>50</p> <p>1 BY MS. TOMKOWIAK:</p> <p>2 Q Yes, go ahead. We'll give those to the 3 court reporter at the end of the deposition.</p> <p>4 MS. TOMKOWIAK: If you could mark that as 5 Exhibit 49.</p> <p>6 (Deposition Exhibit 49 marked for 7 identification.)</p> <p>8 BY MS. TOMKOWIAK:</p> <p>9 Q Mr. Sevilla, this is a lengthy document. 10 Just to orient ourselves a bit, this is an e-mail 11 from Sara Galletly, if I'm pronouncing that right, 12 at Maples to you. The date is December 10th, 13 2012, and the subject line is Sentinel 14 Restructure. Do you see that?</p> <p>15 A Yes.</p> <p>16 Q Okay. And --</p> <p>17 MS. SMITH: Sorry, is the debtor going to 18 waive the privilege as to this document too, to 19 the extent it's privileged?</p> <p>20 MR. FEINSTEIN: Yes, that's correct.</p> <p>21 BY MS. TOMKOWIAK:</p> <p>22 Q Do you know who Ms. Galletly is?</p> <p>23 A I don't recall.</p> <p>24 Q Okay. What about Maples in general?</p> <p>25 A A law firm.</p>

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	53		55
1 Q Okay. And you can -- do you want to take 2 a minute to flip through this or the 3 attachments --		1 BY MS. TOMKOWIAK: 2 Q With respect to Nimitz, do you understand 3 that Mr. Ellington is the owner of Nimitz?	
4 A Do you want me to? It's long. 5 Q -- to see if it's familiar to you? 6 A Sorry. It's been a long time. I would 7 need to -- I mean, generally, I kind of know what 8 it's about, but I haven't looked at this in a long 9 time. But you tell me, do you want me to go page 10 by page?		4 MS. SMITH: Objection, form. 5 A If you have something like this for that, 6 I think that would be helpful.	
11 Q No. I have questions about specific 12 pages, but if at any time you want to look at a 13 different page or you want to look for other 14 context before you answer my question, just let me 15 know.		7 BY MS. TOMKOWIAK: 8 Q I do. It's on Bates 312, I think.	
16 A Yeah. 17 Q So the -- my first question is on -- 18 relates to the e-mail dated November 30th, 2012, 19 from Ms. Galletly to you. That's the first 20 that -- first time that you're copied into this 21 e-mail chain, as far as I can tell.		9 A Okay. 10 Q Is that consistent with your recollection?	
22 A Okay. 23 Q Okay. And she says she is attaching draft 24 forms of memorandum and articles of association, 25 or M&A, for each of the following. And then the		11 MS. SMITH: Objection, form. 12 A I take this at face value. I don't have a 13 direct recollection, but I'll -- I believe this is 14 what it purports to be.	
1 entities listed there are Patton, Nimitz, Sentinel 2 Re Holdings and Sentinel Reinsurance. Do you see 3 that?	54	15 BY MS. TOMKOWIAK: 16 Q So you don't recall learning at the time 17 that Mr. Dondero owned Patton and Mr. Ellington 18 owned Nimitz?	
4 A Yes. 5 Q Are you familiar with each of those 6 entities? 7 MS. SMITH: Objection, form.		19 MS. SMITH: Objection, form. 20 A I'm sure I knew at time and I'll take this 21 at face value that it was the case.	
8 A I've heard their names, so I have a 9 general recollection of them.		22 BY MS. TOMKOWIAK: 23 Q Okay. If you look at the page before	
10 BY MS. TOMKOWIAK: 11 Q Okay. Do you understand that Mr. Dondero 12 is the beneficial owner of Patton? 13 MS. SMITH: Objection, form.		24 that, both the sole director of Nimitz is 25 Caledonian Directors Ltd.?	
14 A I'd need to confirm that. I don't know if 15 it's in here, but -- I don't know if that's the 16 case.		56	
17 BY MS. TOMKOWIAK: 18 Q If you look at, I believe that it's page 19 ending in 349.		1 A Yes. 2 Q And you can look back at -- there's a 3 similar document for Patton. Do you know what 4 that entity is, Caledonian Directors Ltd.?	
20 A Yes. 21 Q Does that confirm that Mr. Dondero is the 22 sole member of Patton? 23 MS. SMITH: Objection, form.		5 A A directorship in Cayman, a corporate 6 directorship in Cayman.	
24 A Yes.		7 Q Was it related at all to Highland? 8 MS. SMITH: Objection, form.	
25		9 A No.	
		10 BY MS. TOMKOWIAK: 11 Q Do you know how it was selected to be the 12 director?	
		13 A I don't.	
		14 Q Do you know who Nathan Smith is?	
		15 A The name sounds familiar, but I'm drawing 16 a blank.	
		17 Q Okay. If you go back to the November 30th 18 e-mail that we were discussing.	
		19 MS. SMITH: What page is that?	
		20 MS. TOMKOWIAK: Sure.	
		21 Do you have the Bates for that?	
		22 Should be the third page.	
		23 BY MS. TOMKOWIAK:	
		24 Q My question is, do you know why you're 25 being copied here?	

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	57		59
1 A I was working on the Sentinel		1 remaining 30 percent.	
2 incorporation with outside counsel.		2 Do you see that?	
3 Q Do you recall who asked you to work on		3 A Yes.	
4 that?		4 Q And above, it says that: The Class A	
5 A Yes.		5 shares are held by Patton and the Class B shares	
6 Q Who is that?		6 are held by Nimitz.	
7 A Mr. Ellington.		7 Correct?	
8 Q Anybody else?		8 A Yes.	
9 A Not that I recall.		9 MS. SMITH: Objection, form.	
10 Q Do you know who came up with this		10 A I see that.	
11 structure for Sentinel?		11 BY MS. TOMKOWIAK:	
12 MS. SMITH: Objection, form.		12 Q Okay. So you agree this means that if	
13 A My recollection is outside counsel.		13 Sentinel Holdings was somehow wound up, any	
14 BY MS. TOMKOWIAK:		14 surplus assets that remained at the company, at	
15 Q Outside counsel at where?		15 least according to this e-mail, would be divided	
16 A I don't remember whether it was at		16 up 70/30 between Patton and Nimitz; is that right?	
17 Sutherland or at Maples. I don't recall.		17 MS. SMITH: Objection, form.	
18 Q So the -- to the best of your knowledge,		18 A I believe that's what the e-mail says.	
19 it was outside counsel and not in-house, that came		19 BY MS. TOMKOWIAK:	
20 up with the ownership structure for Sentinel?		20 Q Do you know whether these economic rights	
21 MS. SMITH: Objection, form.		21 were actually incorporated into the final articles	
22 A I don't recall.		22 of association for SS Holdings?	
23 BY MS. TOMKOWIAK:		23 MS. SMITH: Objection, form.	
24 Q Did you have any role in reviewing the M&A		24 A I'd need to see them.	
25 that are attached to this e-mail?		25	
	58		60
1 A I'm sure I would have reviewed them, but		1 BY MS. TOMKOWIAK:	
2 it's a Cayman document so I wouldn't have had had		2 Q Do you know who would have those?	
3 much to say about it.		3 A The entity --	
4 Q Do you know why Sentinel was incorporated		4 MS. SMITH: Objection, form.	
5 in the Caymans?		5 A The entities themselves. I don't have	
6 A I don't know the reasoning behind it.		6 them.	
7 Q As you sit here today, you can't think of		7 BY MS. TOMKOWIAK:	
8 any reason that they would've been incorporated in		8 Q So do you mean the Sentinel entities?	
9 the Cayman Islands?		9 A Yes.	
10 MS. SMITH: Objection, form.		10 Q Did Sentinel have an office?	
11 A Again, I don't know what the strategic		11 A I believe it had a registered office.	
12 thought process was. At least I don't recall as		12 Q Did it have a physical office?	
13 to why Cayman.		13 A Not that I know of.	
14 BY MS. TOMKOWIAK:		14 Q Did it have employees?	
15 Q If you look at Ms. Galletly's e-mail,		15 A Not that I know of.	
16 about halfway down through her e-mail, she's		16 Q If you flip back a page, it looks like	
17 discussing the voting ratio and the different		17 you -- a couple e-mails up, you write on	
18 classes of shares that Patton and Nimitz will		18 December 10th, 2012: Please update as to filing	
19 receive. Do you see that?		19 status on this.	
20 A Yes.		20 Do you see that?	
21 Q Okay. And then there's a sentence here		21 A Yes.	
22 that says: The economic rights entitle the		22 Q Do you recall if there was any urgency at	
23 Class A shares to 70 percent of any dividends or		23 the time surrounding the formation of Sentinel or	
24 distributions of surplus assets on a winding up		24 these other entities?	
25 and the Class B shares are entitled to the		25 A Not that I recall.	

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1 Q So to the best of your recollection,
2 you're just asking for an update?
3 **A I don't recall there being urgency per se.**
4 **I don't know -- I don't remember much other than**
5 **that.**
6 Q And you don't recall there being a
7 specific time frame or deadline by which you were
8 supposed to --
9 **A I don't think so.**
10 Q Who is Tabor? Tabor. How do I say that?
11 **A Tabor Pittman.**
12 Q Tabor Pittman, who is that?
13 **A He was a lawyer in the Highland legal**
14 **group.**
15 Q To your knowledge, did Mr. Dondero or
16 Mr. Ellington make any investment in Sentinel?
17 MS. SMITH: Objection, form.
18 **A I recall that they did, yes.**
19 **BY MS. TOMKOWIAK:**
20 Q In what form?
21 **A I don't recall exactly in what form, but I**
22 **have a general recollection that they did**
23 **capitalize the entity. I don't remember the**
24 **amount or the form, but I have a general**
25 **recollection that that was done.**

1 Q That they put capital into the entity?
2 **A Yes.**
3 Q I believe you testified that you didn't
4 know what type of insurance Sentinel was intended
5 to provide at the time; is that right?
6 MS. SMITH: Objection, form.
7 **A I don't think that's exactly right. Yes,**
8 **that's true. I wasn't sure exactly what kind of**
9 **insurance they intended to write in the -- I think**
10 **initially -- actually, I think initially there was**
11 **a thought of what kind of policies it would write,**
12 **D&O policies and the like, but as far as more than**
13 **that, I don't recall.**
14 **BY MS. TOMKOWIAK:**
15 Q Okay. And just to go back to my question
16 about the capitalization, when you said that they
17 capitalized the entity, you were referring to
18 Mr. Dondero and Mr. Ellington; is that right?
19 **A Yes.**
20 MS. SMITH: Objection, form.
21 **BY MS. TOMKOWIAK:**
22 Q Did anybody else capitalize Sentinel?
23 **A Not that I recall.**
24 Q Did anybody ever tell you to keep Sentinel
25 a secret?

61 63
1 **A No, not that I recall.**
2 Q Did anybody ever tell you to keep Sentinel
3 confidential?
4 **A I don't recall being told that.**
5 Q Did anybody ever tell you not to widely
6 discuss the existence of Sentinel within Highland?
7 **A I don't remember getting direction like**
8 **that, no.**
9 Q Not in words or substance?
10 **A No. No, I don't recall it being a secret.**
11 Q Do you recall it being kept to a small
12 group of people?
13 **A I think a limited group of people provided**
14 **services to it, but I don't remember a mandate**
15 **that said keep it a secret.**
16 Q Did that ever change at any point after
17 2012?
18 **A I'm sorry, what?**
19 Q Keeping it a secret or keeping it limited
20 to a smaller group of people.
21 MS. SMITH: Objection, form.
22 **A I don't remember that being a directive,**
23 **to keep it a secret.**
24 **BY MS. TOMKOWIAK:**
25 Q Even if it wasn't a directive, if it was
62 64
1 an understanding or anything else like that.
2 MS. SMITH: Objection, form.
3 **A No, I don't remember that.**
4 **BY MS. TOMKOWIAK:**
5 Q What about its ownership? Did anybody
6 instruct you to keep its ownership structure a
7 secret?
8 **A No, no one instructed me, but I do recall**
9 **there being confidentiality rules in Cayman around**
10 **ownership, so I think it would have been**
11 **somethings that was -- wasn't particularly, you**
12 **know, widely disseminated, just in light of that,**
13 **but I don't -- that would be the only sort of --**
14 **when you mention that, that's what I think of.**
15 Q Is that the reason that Sentinel was
16 incorporated in the Cayman Islands?
17 **A I don't know.**
18 MS. SMITH: Objection, form.
19 **A I don't know.**
20 **BY MS. TOMKOWIAK:**
21 Q So at some point between December 2012 and
22 August 2017, the ownership structure of Sentinel
23 became more complex. Do you recall that?
24 MS. SMITH: Objection, form.
25 **A I don't know if I would call it more**

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1 complex. I have a general recollection that the
2 ownership structure changed.

3 BY MS. TOMKOWIAK:

4 Q Did you play any role in that?

5 A I'm sure I -- I'm sure I had knowledge of
6 it. I don't remember what role I played, but I do
7 recall it happening. Yeah, I'm sure I did some
8 things on it.

9 MS. TOMKOWIAK: We're on Exhibit 50; is
10 that right?

11 A Am I done with this?

12 BY MS. TOMKOWIAK:

13 Q Yes, sir.

14 MS. TOMKOWIAK: Okay. I'm handing the
15 court reporter, to mark as Exhibit 50, the cover
16 e-mail.

17 (Deposition Exhibit 50 marked for
18 identification.)

19 BY MS. TOMKOWIAK:

20 Q And then I'm also handing you one of the
21 attachments, which was previously marked as a
22 deposition exhibit in this case as Exhibit 26.

23 A Okay.

24 Q But there's several attachments to this
25 document. That is one of them and that's been

1 A I'm sorry, so can I take it at face value
2 that this was the attachment to this?

3 MS. SMITH: No.

4 BY MS. TOMKOWIAK:

5 Q Well, I am representing to you that this
6 is one of the attachments that is in the zip file
7 that is attached to this. If you have a question
8 to doubt that or if your answers to my questions
9 would change, let me know. We just didn't want to
10 kill --

11 A I just didn't see the connection. Okay.

12 Q It's on an Excel file, so it's difficult
13 to print it out with --

14 A Understood.

15 Q -- one of the stamps.

16 A Understood.

17 Q With that representation, at the top --

18 MS. SMITH: I'm sorry, Sarah, can I ask a
19 question? Does this have a corresponding Bates,
20 or is that what you are saying was difficult
21 because it was an Excel? This is not Bates'd.

22 MS. McLAUGHLIN: The Bates is -- the cover
23 sheet would be a Bates number, but this is the
24 native file.

25 MS. TOMKOWIAK: Can we go off the record

66

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1 previously marked as Exhibit 26.

2 That is Exhibit 50. Do you want to take a
3 moment, look through that and let me know when
4 you're ready?

5 A Sure.

6 (Witness reviews document.)

7 A Okay.

8 BY MS. TOMKOWIAK:

9 Q This is an e-mail from Daniel Bowen,
10 Bowen, Bowen, to you, dated August 29th, 2017.
11 Any reason to doubt that you received this e-mail?

12 A No.

13 Q Okay. And he's attaching the beneficial
14 ownership information for Sentinel Re Holdings
15 LTD. Do you see that?

16 A Yes.

17 Q And we'll talk about this a little bit
18 later, but do you recall at the time working on a
19 transfer of interest in the Multi Strat fund to
20 Sentinel Re Holdings in 2017?

21 A I remember that.

22 Q Okay. And if you look at the attachment,
23 which is Exhibit 26.

24 A Okay. This?

25 Q Yes. So at the top it shows the --

1 briefly?

2 THE VIDEOGRAPHER: Sure. We are off the
3 record at 11:02 a.m.

4 (Recess taken from 11:02 a.m. CDT to
5 11:03 a.m. CDT)

6 THE VIDEOGRAPHER: 11:03 a.m., we are back
7 on the record.

8 BY MS. TOMKOWIAK:

9 Q So do you see at the top, the top entity
10 is the investor and that's Sentinel Reinsurance
11 Ltd.?

12 A Yes.

13 Q And then below that, we have the two
14 beneficial owners, Patton and Nimitz, that we
15 discussed earlier?

16 A Yes.

17 Q And then with respect to each of Patton
18 and Nimitz, there are now other entities that have
19 been inserted in between each of those entities
20 and Mr. Dondero and Mr. Ellington. Do you see
21 that?

22 A I do.

23 MS. SMITH: Objection, form.

24 BY MS. TOMKOWIAK:

25 Q Okay. So Patton is now owned by

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<p>1 Mainspring, which is owned by Loyal which is owned 2 by Mr. Dondero?</p> <p>3 MS. SMITH: Objection, form.</p> <p>4 A That's what the document says, yes.</p> <p>5 BY MS. TOMKOWIAK:</p> <p>6 Q Okay. And with respect to Mr. Nimitz, the 7 document reflects that it is owned by Montage, 8 which is then 100 percent owned by HAL Holdings, 9 which is then 99 percent owned by Elderflower, 10 which is 100 percent owned by Mr. Ellington?</p> <p>11 A I see that.</p> <p>12 Q Do you know what the purpose was in 13 putting all of those other entities into this 14 Sentinel structure?</p> <p>15 MS. SMITH: Objection, form.</p> <p>16 A I don't recall.</p> <p>17 BY MS. TOMKOWIAK:</p> <p>18 Q Do you know what any of those entities do?</p> <p>19 MS. SMITH: Objection, form.</p> <p>20 A The names are familiar to me. I don't 21 know what they do.</p> <p>22 BY MS. TOMKOWIAK:</p> <p>23 Q Do you know if any of them have 24 operations?</p> <p>25 MS. SMITH: Objection, form.</p>	<p>69</p> <p>1 additional entities in between Sentinel and 2 Mr. Dondero on one hand and Mr. Ellington on the 3 other hand.</p> <p>4 A I don't recall that being a reason for 5 changing the structure. I don't recall that being 6 a reason.</p> <p>7 Q Do you know who would have made the 8 decision to restructure Sentinel in this way?</p> <p>9 A I guess ultimately the Sentinel directors 10 and the -- Sentinel directors is what I would 11 think of. I don't know who else they would take 12 direction from, but...</p> <p>13 Q So you would assume that the Sentinel 14 directors would have made that decision?</p> <p>15 A I think they would have had approval 16 authority over changes like that.</p> <p>17 Q You don't know whether or not they, in 18 fact, approved or authorized this?</p> <p>19 MS. SMITH: Objection, form.</p> <p>20 A I'm going to take this at face value. And 21 I do have a recollection of there being a change 22 in the structure and so -- and my recollection is 23 that that would have been approved according to 24 whatever the governing law is, but a more specific 25 recollection, I can't -- I don't have.</p>
<p>1 A I don't know.</p> <p>2 BY MS. TOMKOWIAK:</p> <p>3 Q Okay. Do you know if any of them are just 4 holding companies?</p> <p>5 MS. SMITH: Objection, form.</p> <p>6 A I don't know for certain.</p> <p>7 BY MS. TOMKOWIAK:</p> <p>8 Q Do you know if any of them are just dummy 9 entities?</p> <p>10 MS. SMITH: Objection, form.</p> <p>11 A I don't know what a -- what do you mean by 12 a dummy entity?</p> <p>13 BY MS. TOMKOWIAK:</p> <p>14 Q Or a fictitious entity?</p> <p>15 MS. SMITH: Objection, form.</p> <p>16 A No, I don't know.</p> <p>17 BY MS. TOMKOWIAK:</p> <p>18 Q And you don't know whether or not this was 19 done to separate Mr. Ellington or Mr. Dondero from 20 Sentinel in any way?</p> <p>21 MS. SMITH: Objection, form.</p> <p>22 A When you say this, you mean what?</p> <p>23 BY MS. TOMKOWIAK:</p> <p>24 Q Changing the beneficial ownership 25 structure of Sentinel so that there were</p>	<p>70</p> <p>1 BY MS. TOMKOWIAK:</p> <p>2 Q You can set that aside. I'm handing you 3 what's previously been marked as Exhibit 21 -- I'm 4 sorry, 28. Go ahead and take a minute to 5 familiarize yourself with that and let me know 6 when you're ready.</p> <p>7 (Witness reviews document.)</p> <p>8 A Okay.</p> <p>9 MS. SMITH: This appears to be an e-mail 10 regarding legal perspective. Does the debtor 11 waive the privilege on this document before 12 Mr. Sevilla answers questions?</p> <p>13 MR. FEINSTEIN: We are not going to assert 14 the privilege, to the extent it applies.</p> <p>15 BY MS. TOMKOWIAK:</p> <p>16 Q Okay. This is an e-mail -- skipping ahead 17 a couple of years here to April 2019. This is an 18 e-mail from Katie Irving, who I understand is now 19 Katie Lucas; is that right?</p> <p>20 A Yes.</p> <p>21 Q To Sam Dawson, Dylan Wiltermuth, and then 22 a CC to you and Mr. DiOrio. The date is 23 April 10th, 2019, and the subject is Forward 24 Entity Restructure - Sentinel.</p> <p>25 And Ms. Irving is forwarding an e-mail</p>

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<p>73</p> <p>1 from Stephen Beck. Do you know who Stephen Beck 2 is?</p> <p>3 A I have a general recollection that he's a 4 tax practitioner, an accounting practitioner.</p> <p>5 Q External to Highland?</p> <p>6 A Yes.</p> <p>7 Q And do you know why you're being copied on 8 this?</p> <p>9 A I don't know why exactly.</p> <p>10 Q Katie writes to Mr. Beck in the earlier 11 e-mail in the chain, which is also CC'd to you and 12 she says: Hi, Steve. Further to entity 13 liquidation discussions last year, the Sentinel 14 Reinsurance Ltd. regulator, Cayman Islands 15 Monetary Authority (CIMA) is asking that the 16 Sentinel structure be simplified.</p> <p>17 I'm not reading the rest of that sentence. 18 Do you recall having discussions with CIMA, or the 19 Cayman Islands Monetary Authority, asking that the 20 Sentinel structure be simplified, at any time 21 between 2017 and 2019?</p> <p>22 MS. SMITH: Objection, form.</p> <p>23 A I recall this happening. I recall hearing 24 about that feedback.</p> <p>25</p>	<p>75</p> <p>1 chain, Ms. Irving writes: I believe we looked at 2 the impact of GP's structure for these topcos 3 previously.</p> <p>4 Do you know what a topco is?</p> <p>5 A Sorry, I'm trying to find where she writes 6 that.</p> <p>7 Q At the top.</p> <p>8 A Yeah.</p> <p>9 Q Top e-mail, second sentence.</p> <p>10 A GP structure, I don't recall what that -- 11 general partner. I don't recall.</p> <p>12 Q Do you know what a topco is?</p> <p>13 A The entity at the top of the structure is 14 what I would refer to as a topco.</p> <p>15 Q Okay. If you can look at the second page 16 of the attachment first. So this appears to be an 17 organizational chart of Sentinel as of April 9th, 18 2019.</p> <p>19 MS. SMITH: Objection, form. And this is 20 the third page.</p> <p>21 MS. TOMKOWIAK: Okay.</p> <p>22 BY MS. TOMKOWIAK:</p> <p>23 Q Bates ending 26.</p> <p>24 A I'm there.</p> <p>25 Q Okay. At the top it says: CFC</p>
<p>74</p> <p>1 BY MS. TOMKOWIAK:</p> <p>2 Q Do you recall why they wanted the 3 structure to be simplified?</p> <p>4 A I don't recall --</p> <p>5 MS. SMITH: Objection, form.</p> <p>6 THE WITNESS: Sorry.</p> <p>7 A I don't remember the reason.</p> <p>8 BY MS. TOMKOWIAK:</p> <p>9 Q In that same e-mail, Ms. Irving says that: 10 We have a five-year taint issue as Montage, 11 Anthem, and Mainspring used to be CFCs. 12 Do you know what CFC means?</p> <p>13 A At a high level.</p> <p>14 Q What does it stand for?</p> <p>15 A Controlled Foreign Corporation.</p> <p>16 Q And at a high level, what is that?</p> <p>17 A It's a tax moniker. I don't -- I don't 18 remember -- I don't purport to be a specialist in 19 this. It's a company control -- a foreign company 20 controlled by another company, but that's pretty 21 much all I remember about what a CFC is.</p> <p>22 Q And then do you remember anything about 23 why they de-CFC'ed in October 2014?</p> <p>24 A I don't.</p> <p>25 Q In the chain -- in the later e-mail in the</p>	<p>76</p> <p>1 Restructure, Sentinel Structure as at 9 April 2 2019.</p> <p>3 To the best of your recollection, did this 4 reflect Sentinel's ownership structure in 5 April 2019?</p> <p>6 MS. SMITH: Objection, form.</p> <p>7 A I'll take it at face value. I don't have 8 direct recollection of the exact structure chart.</p> <p>9 BY MS. TOMKOWIAK:</p> <p>10 Q Okay. And taking it at face value, 11 there's other entities that appear to have been 12 added as well. Do you know when, for example, 13 Anthem was added to this structure?</p> <p>14 MS. SMITH: Objection, form.</p> <p>15 A Anthem. No, I don't recall that.</p> <p>16 BY MS. TOMKOWIAK:</p> <p>17 Q Or Brave?</p> <p>18 A I don't recall when that was added.</p> <p>19 Q USP2 at the top right there, that refers 20 to Mr. Dondero, correct?</p> <p>21 MS. SMITH: Objection, form.</p> <p>22 A I don't know whether it refers to him.</p> <p>23 BY MS. TOMKOWIAK:</p> <p>24 Q Well, would you expect that USP means US 25 person?</p>

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	77		79
1 A I believe that.		1 Ms. Irving, who -- she's the one who looks like --	
2 Q Okay. And we discussed earlier that		2 looks like she attached it to this structure. So	
3 Mr. Dondero was the beneficial owner of Patton,		3 assuming that it was put together correctly, you	
4 right?		4 would agree with me that SAS Holdings is here at	
5 MS. SMITH: Objection, form.		5 the top and Sentinel is part of that structure,	
6 A Yeah, okay. I see it now.		6 right?	
7 BY MS. TOMKOWIAK:		7 MS. SMITH: Objection, form.	
8 Q Okay. So reasonable to infer that USP2 is		8 A I think that's fair.	
9 Mr. Dondero?		9 BY MS. TOMKOWIAK:	
10 MS. SMITH: Objection, form.		10 Q And if you turn back to the chart before	
11 A I can't be certain.		11 this, this reflects the SAS structure as of	
12 BY MS. TOMKOWIAK:		12 April 9th, 2019?	
13 Q Okay. Can't be certain, but it appears		13 MS. SMITH: Objection, form.	
14 that way based on what we've looked at before?		14 A That's what it says.	
15 MS. SMITH: Objection, form.		15 BY MS. TOMKOWIAK:	
16 A I know we looked at something referring to		16 Q Okay. What is SAS?	
17 Patton as Mr. Dondero. Again, I didn't have		17 A A litigation funding business.	
18 specific recollection of that, but I know you		18 Q What does SAS stand for?	
19 showed that to me and I'm seeing it here, but as		19 A I don't know.	
20 far as personal knowledge, I don't want to		20 Q Sword and Shield?	
21 speculate.		21 A Possibly.	
22 BY MS. TOMKOWIAK:		22 Q Did you come up with that or who came up	
23 Q Same question with respect to US person 1,		23 with the name SAS Holdings, if you know?	
24 that refers to Mr. Ellington, correct?		24 MS. SMITH: Objection, form.	
25 MS. SMITH: Objection, form.		25 A I did not.	
	78		80
1 A Same answer as to Mr. Dondero. I know you		1 BY MS. TOMKOWIAK:	
2 showed me something that referenced Nimitz and		2 Q Do you know when SAS was formed?	
3 Mr. Ellington, but I don't recall having personal		3 A I don't know when it was formed.	
4 knowledge enough to, you know, agree to that, as I		4 Q Do you know who formed it?	
5 sit here.		5 A I don't know who formed it.	
6 BY MS. TOMKOWIAK:		6 Q What is the relationship between SAS	
7 Q And then at the top of all of this, so		7 Litigation Management, which is down here on -- in	
8 maybe this would be the topco, is a company called		8 the very lower right-hand corner, and SAS Asset	
9 SAS Holdings. Do you see that?		9 Recovery?	
10 A Yes.		10 MS. SMITH: Objection, form.	
11 Q So at this point in time, Sentinel is part		11 BY MS. TOMKOWIAK:	
12 of the structure of SAS Holdings; is that right?		12 Q If you know.	
13 MS. SMITH: Objection, form.		13 A Other than being on the same structure	
14 A I'm sorry, can you say that again?		14 chart, I don't know of any other -- was the	
15 BY MS. TOMKOWIAK:		15 question relationship or --	
16 Q Sure. I'm just trying to understand. So		16 Q Yeah.	
17 it looks to me like Sentinel Reinsurance is part		17 A I don't know of any other relationship,	
18 of this SAS Holdings ownership structure; is that		18 other than being on a structure chart together.	
19 right?		19 Q Well, is -- you said it was a litigation	
20 MS. SMITH: Objection, form.		20 funding company. Is that what you said?	
21 A I see SAS Holdings there at the top. I		21 A The enterprise was a -- when you asked	
22 mean, I see that there. So I'll accept that it's		22 what's SAS, I -- my response is it's a litigation	
23 in the structure.		23 funding enterprise business, series of businesses.	
24 BY MS. TOMKOWIAK:		24 Q Yeah. Do you know which of these	
25 Q Okay. And I mean, assuming that		25 businesses, SAS businesses, are actually in the	

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	81		83
1	litigation funding business?	1	A I don't know specifics as to bank
2	A I would say all of them at different times	2	accounts.
3	were litigation funders or contemplated litigation	3	BY MS. TOMKOWIAK:
4	funders. I don't want to represent that, but when	4	Q Did they have any common ownership between
5	I -- when you asked what's SAS, litigation funding	5	SAS and any Highland entity?
6	business. And, you know, these are the entities	6	MS. SMITH: Objection, form.
7	that effectuated that business.	7	A Any Highland entity?
8	Q Do you know whose idea it was to form SAS?	8	BY MS. TOMKOWIAK:
9	A I don't.	9	Q Any Highland entity.
10	Q Do you know when it was formed?	10	MS. SMITH: Objection, form.
11	MS. SMITH: Objection, form.	11	A I can't recall directly. I know the
12	A It predicated my time at Highland. I don't	12	Highland ownership structure changed over time, so
13	know exactly when it was formed.	13	I don't want to represent that I know Highland's
14	BY MS. TOMKOWIAK:	14	ownership structure at any moment.
15	Q When you arrived at Highland, it was	15	BY MS. TOMKOWIAK:
16	already in existence?	16	Q Did Mr. Ellington form SAS?
17	MS. SMITH: Objection, form.	17	A I don't --
18	A That's my recollection.	18	MS. SMITH: Objection, form.
19	BY MS. TOMKOWIAK:	19	A I don't know exactly.
20	Q What was the relationship between SAS and	20	BY MS. TOMKOWIAK:
21	Highland?	21	Q Did Mr. Ellington own SAS?
22	MS. SMITH: Objection, form.	22	MS. SMITH: Objection, form.
23	A The relationship between the two?	23	A Did he own it? I don't think he owned it.
24	BY MS. TOMKOWIAK:	24	No, I don't think he owned it.
25	Q Yes.	25	
	82		84
1	A Is that the question?	1	BY MS. TOMKOWIAK:
2	Q Yeah.	2	Q Do you know who owned SAS?
3	A I don't think there was -- I mean, I don't	3	MS. SMITH: Objection, form.
4	think there was a relationship between Highland	4	A I believe Mr. Ellington had a beneficial
5	and SAS, other than Highland employees providing	5	interest. I don't know if I would consider that
6	services to SAS from time to time, but I -- that's	6	the owner or I would break it down that way, but I
7	about as much as I knew.	7	know he had a beneficial interest in the
8	Q So there's no affiliation between Highland	8	litigation funding enterprise.
9	and SAS?	9	BY MS. TOMKOWIAK:
10	MS. SMITH: Objection, form.	10	Q What does a beneficial interest mean?
11	A When you say affiliation, you mean --	11	A I'd refer to it as economics, an economic
12	BY MS. TOMKOWIAK:	12	interest.
13	Q So is -- I guess let me back up. Let me	13	Q What does that mean?
14	ask it in a series of questions.	14	A I mean, nothing -- I mean, I mean it in
15	Did SAS have separate offices from HCM?	15	the simplest possible terms. I think he had an
16	A I believe SAS had offices.	16	ownership interest in the economics of whatever
17	Q Do you know where?	17	the entity created or whatever the fruits of the
18	A In Cayman. In the Cayman Islands.	18	business were, I think he had an economic interest
19	Q In the US?	19	in that.
20	A In the Cayman Islands.	20	Q So are you saying he got paid by SAS?
21	Q Just in the Cayman Islands?	21	MS. SMITH: Objection, form.
22	A Yeah.	22	A I don't know if he got paid by SAS.
23	Q Okay. Did they have separate bank	23	BY MS. TOMKOWIAK:
24	accounts from Highland?	24	Q So I'm still struggling to understand what
25	MS. SMITH: Objection, form.	25	you mean by ownership interest in the economics of

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	85		87
1	SAS. How did he benefit from SAS?	1	A He is not.
2	A I mean, I think one can own shares in	2	Q Did you ever receive payments from SAS for
3	something without necessarily being paid by them	3	these services?
4	or being their employee, is sort of what I mean.	4	MS. SMITH: Objection, form.
5	Q So was he a shareholder of SAS?	5	A I never received payment from SAS.
6	MS. SMITH: Objection, form.	6	BY MS. TOMKOWIAK:
7	A I don't know if I would consider him a	7	Q Did anybody else?
8	shareholder. I think -- the extent of what I know	8	MS. SMITH: Objection, form.
9	is that he had a beneficial interest in the	9	A I don't know.
10	litigation funding business.	10	BY MS. TOMKOWIAK:
11	BY MS. TOMKOWIAK:	11	Q Why would Highland employees, including
12	Q What about Mr. Dondero? Did he also have	12	yourself, provide services for free?
13	a beneficial interest in the litigation funding	13	MS. SMITH: Objection, form.
14	business?	14	A I don't know if they were for free. I
15	A I believe so.	15	know my only paycheck was from Highland.
16	Q What about Mr. Leventon? Did he have a	16	BY MS. TOMKOWIAK:
17	beneficial interest in the litigation funding	17	Q And did that paycheck from Highland
18	business?	18	include any compensation for the services that you
19	A I don't know.	19	provided to SAS?
20	Q What about you? Did you have a beneficial	20	MS. SMITH: Objection, form.
21	interest in the litigation funding business?	21	A I don't know. My paycheck from Highland
22	A I did not.	22	was compensation for the services that I was
23	Q What about Mr. DiOrio?	23	assigned to work on.
24	A I don't know.	24	BY MS. TOMKOWIAK:
25	Q What services did Highland employees	25	Q And were you assigned to work on projects
	86		88
1	provide to SAS?	1	for SAS?
2	MS. SMITH: Objection, form.	2	MS. SMITH: Objection, form.
3	A Diligence on potential litigation funding	3	A I was.
4	matters. That's largely the -- that's what I	4	BY MS. TOMKOWIAK:
5	would consider the kind of material services	5	Q Who assigned you to work on them?
6	provided were relating to kind of the litigation	6	A Mr. Ellington.
7	funding of cases of different cases as they arose	7	Q Anybody else?
8	from time to time.	8	A Assigned me? No, just him.
9	BY MS. TOMKOWIAK:	9	Q Anybody else tell you to work on SAS
10	Q Which Highland employees provided those	10	10 projects?
11	services?	11	A Tell me to?
12	A I don't have an exact -- I don't know the	12	Q Ask you to. Anybody besides Mr. Ellington
13	exact universe at any given time. I know I did	13	say, hey, here's something for SAS, can you help
14	from time to time.	14	work on it?
15	Q And to the best of your recollection, who	15	A No.
16	else?	16	Q Did you have an SAS management e-mail
17	A I believe Mr. Leventon did from time to	17	17 address?
18	time. I believe Ms. Irving did. Different	18	A Yes.
19	Highland litigators at different points. Like I	19	Q And why is that?
20	said, you'd have to narrow it down temporally.	20	A To work on SAS litigation matters,
21	Q Mr. DiOrio?	21	litigation funding matters.
22	MS. SMITH: Objection, form.	22	Q Even though those were being done in your
23	A I think he may have. I'm not certain.	23	capacity as a Highland employee?
24	BY MS. TOMKOWIAK:	24	MS. SMITH: Objection, form.
25	Q Is he a lawyer?	25	A Yes.

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1 BY MS. TOMKOWIAK:		1 MS. SMITH: Objection, form.	
2 Q Was there a shared services agreement		2 A Again, the names look familiar, sound	
3 between Highland and SAS?		3 familiar. I don't recall exactly what any of them	
4 A I don't know.		4 did in any -- at any given moment.	
5 MS. SMITH: Objection, form.		5 BY MS. TOMKOWIAK:	
6 BY MS. TOMKOWIAK:		6 Q Do you know who came up with names like	
7 Q I'm sorry, what?		7 Helpful or Clean or Courteous?	
8 A Sorry. I don't know.		8 A No.	
9 Q Were you personally involved in finding		9 Q You don't?	
10 claims to fund?		10 A I don't.	
11 A No.		11 Q To your knowledge, is SAS still a	
12 Q Were you personally involved in doing		12 functioning entity today?	
13 diligence, as you said?		13 MS. SMITH: Objection, form.	
14 A I had -- I have done that.		14 A I don't know if it is.	
15 Q Do you recall any specific claims or		15 BY MS. TOMKOWIAK:	
16 matters?		16 Q Do you still have an SAS management e-mail	
17 A Vaguely I have a recollection. It's been		17 account?	
18 quite some time since I did that.		18 A I don't know.	
19 Q In her e-mail, Ms. Irving refers to a		19 Q When was the last time you used it?	
20 Mexican case. Was that something that SAS was		20 A December of '20 was the last time I	
21 funding?		21 recall.	
22 MS. SMITH: Objection, form.		22 Q When was the last time that you performed	
23 A Yes.		23 services for SAS?	
24 BY MS. TOMKOWIAK:		24 MS. SMITH: Objection, form.	
25 Q In brief, what is that case?		25 A Summer of '19, I would say is the last	
	90		92
1 A It was a case from 2003 involving a sale		1 time I remember doing work on SAS.	
2 of securities of a Mexican -- sale of shares of a		2 BY MS. TOMKOWIAK:	
3 Mexican company.		3 Q Does anybody at Skyview provide services	
4 Q Why were you talking about it in 2019?		4 to SAS?	
5 MS. SMITH: Objection, form.		5 MS. SMITH: Objection, form.	
6 A I don't know why it would be brought up in		6 A Not that I know of.	
7 2019. I don't know what the relevance was to		7 BY MS. TOMKOWIAK:	
8 Katie to Sam Dawson -- I need to remember to		8 Q You can set that aside.	
9 brief -- I don't know what she had in mind when		9 Mr. Sevilla, did you have any role in	
10 she said that. I don't know.		10 preparing financial statements for Sentinel?	
11 BY MS. TOMKOWIAK:		11 A Any role? I did not prepare financial	
12 Q Did SAS make any money off of that case?		12 statements for Sentinel.	
13 A No.		13 Q Did you review them?	
14 Q In the organizational structure of SAS,		14 A I think from time to time I've seen them,	
15 there's an entity in the lower right that's		15 but I wouldn't consider myself qualified to review	
16 Sebastian Clarke Ltd. Do you see that?		16 them in an official capacity. I'm sure I've seen	
17 A Yes.		17 them from time to time.	
18 Q Do you know anything about that entity?		18 MS. TOMKOWIAK: So I'm going to ask the	
19 MS. SMITH: Objection, form.		19 court reporter to mark this as Exhibit 51.	
20 A The name looks familiar, but I don't have		20 (Deposition Exhibit 51 marked for	
21 specific knowledge of it.		21 identification.)	
22 BY MS. TOMKOWIAK:		22 BY MS. TOMKOWIAK:	
23 Q What about any of the other entities in		23 Q Let me know when you're ready. And when	
24 here? Do you have any specific knowledge about		24 the court reporter is ready.	
25 what any of them do?		25 A Go ahead.	

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1 Q So this is -- Exhibit 51 is an e-mail from		1 Q But you received mail there?	
2 Ms. Irving, now Lucas, to Abbie Stonecypher. Who		2 MS. SMITH: Objection, form.	
3 is Abbie Stonecypher, if I'm saying that		3 A It appears that way, although this looks	
4 correctly?		4 like this was e-mailed, but...	
5 A I recall she was an employee in the		5 BY MS. TOMKOWIAK:	
6 accounting group.		6 Q If you turn to the -- turn to the page	
7 Q And there's a CC to you and the subject is		7 ended 1069.	
8 Financials, and the date of the e-mail is		8 A Yes.	
9 August 16th, 2017. Any reason to doubt that you		9 Q And under the heading Income Statement, it	
10 received this e-mail at the time?		10 says that: Through December 31st, 2016, Sentinel	
11 A No.		11 had premiums earned of 2.6 million.	
12 Q And I think you said earlier that you		12 A Yes.	
13 recall receiving financial statements for Sentinel		13 Q Do you know what those premiums related	
14 from time to time?		14 to?	
15 A I've -- yes, I've seen them.		15 A A series of D&O insurance policies.	
16 Q What did you do, if anything, with them		16 Q For what types of clients?	
17 when you received them?		17 A Corporate entities. Corporate entities on	
18 A Nothing, unless someone else was asking me		18 the SAS side.	
19 for them or there was a discrete question related		19 Q So Sentinel issued D&O policies for	
20 to them. I didn't do anything with them.		20 corporate entities within the SAS structure?	
21 Q Were you ever employed by Sentinel?		21 A That's correct.	
22 A No.		22 Q Any other types of clients?	
23 Q If you turn the page to the page ending in		23 A Not that I recall.	
24 Bates number 1067, this is a cover letter		24 Q Okay. And then if you look at Bates	
25 addressed to you from Mr. Kranz at Beecher		25 ending 1071.	
	94		96
1 Carlson?		1 A Okay.	
2 A Yes.		2 Q It shows that Sentinel had approximately	
3 Q And he says: Dear JP, Enclosed please		3 19.2 million in total assets as of the end of	
4 find the revised unaudited financial statements of		4 December 2016. Do you agree with that?	
5 Sentinel Reinsurance, Ltd. as of, and for the		5 MS. SMITH: Objection, form.	
6 year-ended December 31st, 2016.		6 A I agree that's what it says. Again, I'm	
7 A Yes.		7 not qualified to attest to the accuracy. I'll	
8 Q Do you know why Mr. Kranz is sending these		8 take it at face value.	
9 to you at SAS Asset Recovery?		9 BY MS. TOMKOWIAK:	
10 A I don't know.		10 Q Okay. And approximately \$5.9 million in	
11 Q Well, what was the relationship between		11 cash?	
12 SAS and Sentinel at this time?		12 MS. SMITH: Objection, form.	
13 MS. SMITH: Objection, form.		13 A Yes.	
14 A I don't recall there being one. I don't		14 BY MS. TOMKOWIAK:	
15 recall there being one.		15 Q With respect to the shareholders' equity,	
16 BY MS. TOMKOWIAK:		16 it has a line for dividends declared and paid.	
17 Q Okay. Did you ever -- did SAS have an		17 Who are the shareholders that would have received	
18 office in the Caymans?		18 those dividends?	
19 A Yes.		19 A I don't recall.	
20 MS. SMITH: Objection, form.		20 Q Would that be Mr. Dondero and	
21 BY MS. TOMKOWIAK:		21 Mr. Ellington?	
22 Q Okay.		22 MS. SMITH: Objection, form.	
23 A Yes.		23 A I don't recall where dividends flowed to.	
24 Q Did you ever work there?		24 BY MS. TOMKOWIAK:	
25 A No.		25 Q If you look at the supporting schedules,	

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1 and page 1081.
 2 **A Yes.**
 3 Q This is a little small, so let me --
 4 I'm --
 5 **A Yeah.**
 6 Q Let me know if you can't see something.
 7 **A No. I see it.**
 8 Q It's a detailed investment schedule for
 9 Sentinel as of December 31st, 2016. And then it
 10 lists four different CLOs?
 11 **A Okay.**
 12 Q What's a CLO?
 13 **A Collateralized Loan Obligation.**
 14 Q And the acquisition dates for three of
 15 them are January 7th, 2014, and then for Grayson,
 16 it looks like it's December 30th, 2013. Do you
 17 see that?
 18 MS. SMITH: Objection, form.
 19 **A I see that.**
 20 **BY MS. TOMKOWIAK:**
 21 Q Do you know who Sentinel acquired these
 22 securities from?
 23 **A I don't recall.**
 24 Q Did you have any role in that?
 25 **A I have a recollection of when the CLO**

1 **assets were acquired. I don't remember who the**
 2 **seller was, but I have a general recollection of**
 3 **the circumstances around that purchase.**
 4 Q What is your general recollection?
 5 **A That the seller was Morgan Stanley or**
 6 **Merrill Lynch. A bulge bracket bank. I don't**
 7 **remember much more than that.**
 8 Q Not a Highland-affiliated entity?
 9 **A Not that I recall.**
 10 Q Do you recall anything else about the
 11 circumstances around those purchases?
 12 **A I don't.**
 13 Q There's also a line here for Investment at
 14 Cost and then it says SS Holdings. Do you see
 15 that?
 16 **A Yes, I do. I do.**
 17 Q Do you know what an investment at cost is?
 18 **A At a high level.**
 19 Q At a high level, what is that?
 20 **A I think you would mark the investment at**
 21 **what it cost you not to mark it. I could be**
 22 **wrong. I could be wrong.**
 23 Q Do you have any investment background?
 24 **A Not directly, no, not -- not to speak**
 25 **authoritatively on a term of art like that. I**

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 1 **I don't want to lead you astray.**
 2 Q Do you recall that Asset Holdings was a
 3 wholly owned subsidiary of Sentinel?
 4 MS. SMITH: Objection, form.
 5 **A I don't recall if that's true.**
 6 **BY MS. TOMKOWIAK:**
 7 Q All right. You can set that aside and we
 8 will hand you what we're going to mark as
 9 Exhibit 52.
 10 (Deposition Exhibit 52 marked for
 11 identification.)
 12 **BY MS. TOMKOWIAK:**
 13 Q Exhibit 52 is an e-mail with attachments,
 14 and if you want to take a couple minutes, then let
 15 me know when you're ready.
 16 (Witness reviews document.)
 17 **A Okay. Go ahead.**
 18 **BY MS. TOMKOWIAK:**
 19 Q Okay. So these appear to be another copy
 20 of the consolidated financial statements of
 21 Sentinel, but there's an independent auditor's
 22 report attached from Crowe Horwath, if I'm saying
 23 that correctly. Are you familiar with this type
 24 of document for Sentinel?
 25 **A I've seen it before.**

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 1 Q Okay. And so you've also seen before
 2 reports from this independent auditor regarding
 3 Sentinel?
 4 **A I'm sure I have.**
 5 Q This document reflects that the auditor is
 6 providing a qualified opinion. Do you have a
 7 general understanding of what that means?
 8 **A Generally.**
 9 Q What does that mean?
 10 **A There is an issue that they feel the need**
 11 **to articulate to make sure that the -- that their**
 12 **findings and that their report are as accurate as**
 13 **possible.**
 14 Q And then at the middle of this page, they
 15 describe the basis for that qualified opinion,
 16 right?
 17 MS. SMITH: Objection, form.
 18 **A That's what it says.**
 19 **BY MS. TOMKOWIAK:**
 20 Q And they refer to the group's investment
 21 in SeaOne Holdings, LLC, and then in the second
 22 sentence of that paragraph under Basis for
 23 Qualified Opinion, they say: We were unable to
 24 obtain sufficient appropriate audit evidence for
 25 the carrying amount and classification of the

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<p>1 Group's Investment in SeaOne Holdings, LLC as at 2 December 31st, 2016. 3 And then I'm not going to read the rest of 4 the sentence, which is very lengthy. 5 Do you know what Sentinel's investment was 6 in SeaOne Holdings? 7 MS. SMITH: Objection, form. 8 A I don't remember the exact amount. 9 BY MS. TOMKOWIAK: 10 Q Do you know what SeaOne Holdings is? 11 A It's a liquid natural gas company. 12 Q In the United States? 13 A Yes. 14 Q Do you know why Sentinel invested in a 15 liquid natural gas company in the United States? 16 MS. SMITH: Objection, form. 17 A I don't recall -- I don't recall the 18 reasoning. I know nothing -- I know next to 19 nothing about the company, so I don't know. 20 BY MS. TOMKOWIAK: 21 Q Did you have any involvement in that 22 investment? 23 A I did, insofar as connecting the company 24 with Sentinel and essentially facilitating the 25 investment. So I'd largely considered clerical,</p> <p>101</p> <p>1 connecting the -- I guess the CFO of SeaOne with 2 the directors of Sentinel and then essentially 3 closing -- consummating the investment. 4 Q Who are the directors at Sentinel that 5 you're referring to at this time? 6 A When was this? At the time of SeaOne -- 7 Q Uh-huh. 8 A -- investment? 9 Q Yeah. 10 A I want to say one gentleman was Andrew 11 Dean and then Christopher Watkins -- Andrew Dean 12 and then there was a second one, but I'm fuzzy on 13 the name. 14 Q To the best of your recollection, does 15 Sentinel still have this investment in SeaOne 16 Holdings? 17 A I don't know. 18 Q Do you know if this company still exists? 19 MS. SMITH: Objection, form. 20 A I do believe it still exists. 21 BY MS. TOMKOWIAK: 22 Q Same question for the CLOs that we looked 23 at before, do you know whether Sentinel still has 24 that investment in those CLOs? 25 MS. SMITH: Objection, form.</p>	<p>1 A I can't be certain. I don't know. 2 BY MS. TOMKOWIAK: 3 Q At the time you left Highland, did 4 Sentinel still have an investment in those CLOs? 5 MS. SMITH: Objection, form. 6 A I had not reviewed financials or an 7 investment portfolio on Sentinel in quite some 8 time. So I don't want to represent to that time. 9 I know at one point they did. I can't -- I don't 10 want to speak to more current times. 11 MS. TOMKOWIAK: I have some more questions 12 about this document, but we need to switch out the 13 videotape, so we can -- let's take a short break 14 to do that. 15 THE VIDEOGRAPHER: This ends disk 1. The 16 time is 11:45 a.m. We are off the record. 17 (Recess taken from 11:45 a.m. CDT to 18 11:57 a.m. CDT) 19 THE VIDEOGRAPHER: Here begins disk No. 2 20 in the videotaped deposition of Jean Paul Sevilla. 21 The time is 11:57 a.m. We are back on the record. 22 MS. TOMKOWIAK: Before we get back to the 23 questioning, I wanted to do just two housekeeping 24 things on the record. One, I just wanted to note 25 that Mr. Feinstein has a copy of these exhibits so</p> <p>102</p> <p>1 that when he -- he's been provided with a copy of 2 them so that when he's making these privilege 3 determinations, he is doing so with a copy of the 4 document, in case that wasn't -- 5 MR. FEINSTEIN: I can confirm that. 6 MS. TOMKOWIAK: In case that wasn't clear, 7 for the record. And then second, with respect to 8 Exhibit 26, we did want to note that there are two 9 black boxes on that document and that is because 10 we redacted Mr. Ellington and Mr. Dondero's Social 11 Security numbers. So you asked if that was 12 exactly how it was -- you know, if that attachment 13 was exactly what was attached to the e-mail. So 14 with that caveat that we redacted for their 15 confidential information. Yes. 16 MS. SMITH: Okay. 17 BY MS. TOMKOWIAK: 18 Q So, Mr. Sevilla, one quick question about 19 SAS. When you -- if somebody called SAS, did that 20 call go to the Cayman Islands or was it routed to 21 Highland's office in Texas? 22 MS. SMITH: Objection, form. 23 A I don't know. 24 BY MS. TOMKOWIAK: 25 Q You don't remember?</p>
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1 A I don't remember.		1 there were policies that were provided outside of	
2 Q Okay. Did you ever answer the phone on		2 that structure?	
3 behalf of SAS?		3 A I don't recall exactly.	
4 MS. SMITH: Objection, form.		4 Q And if you look at page 13, which is Bates	
5 A I did not.		5 ending in 2236, Note 5 is titled Related Party	
6 BY MS. TOMKOWIAK:		6 Transactions. And it says: As outlined in	
7 Q Do you know who did?		7 Note 1, the Group issues insurance coverage to	
8 A I do not.		8 policyholders under common ownership and therefore	
9 Q If you look at -- if you turn to page 2230	10	9 all insurance-related transactions are with	
10 of this document, it's page 7 but Bates-numbered		10 related parties.	
11 2230. At the bottom of the page it says there's a		11 Do you agree with that?	
12 supplemental noncash disclosure. Well, I think		12 MS. SMITH: Objection, form.	
13 disclosure is spelled wrong, but it should say		13 A I agree that's what it says.	
14 disclosure, and then it says settlement of demand		14 BY MS. TOMKOWIAK:	
15 note with dividend. Do you know what that's		15 Q Well, do you agree that Sentinel issued	
16 referring to?		16 coverage to policy owners under common ownership?	
17 A No, I don't.		17 MS. SMITH: Objection, form.	
18 Q If you look at the next page that's ending		18 A I don't want to opine on what common	
19 in 2231.		ownership means in Cayman, so I'll leave it as to	
20 A Okay.		20 what it says. I don't have any further knowledge.	
21 Q This first paragraph is providing a little		21 BY MS. TOMKOWIAK:	
22 bit of background information about Sentinel and		22 Q So you don't know one way or the other if	
23 it says in the second paragraph that the company		23 Sentinel's insurance-related transactions with SAS	
24 provides directors and officers (D&O) coverage to		24 Asset Recovery were with related parties?	
25 SAS Asset Recovery structure and its subsidiaries		25 A I think, based on this, it's the position	
	106		108
1 (SAS).		1 that the auditor took.	
2 Is that consistent with the understanding		2 Q Okay. Who would be most knowledgeable	
3 that you articulated earlier in your testimony?		3 about Sentinel's financials?	
4 A Yes. Yes.		4 MS. SMITH: Objection, form.	
5 Q And then it says that effective March 1st,		5 A Its auditors.	
6 2015, limits of D&O coverage were US5 million per		6 BY MS. TOMKOWIAK:	
7 occurrence. Do you see that?		7 Q Its auditors?	
8 A Yes.		8 A I would think so.	
9 Q Is that consistent with your recollection		9 Q So those would be the folks at Crowe	
10 of the types of policies and coverage that		10 Horwath?	
11 Sentinel provided to the SAS entities?		11 A I don't know who -- what firm Sentinel	
12 A Generally, yes.		12 uses today. It appears this was issued by that	
13 Q And again, to the best of your knowledge,		13 firm, Crowe.	
14 SAS -- I'm sorry, Sentinel did not provide		14 Q Okay. I'm going to hand you what we are	
15 coverage to any entities outside of the SAS		15 to going to mark as Exhibit 53, I believe.	
16 structure?		16 (Deposition Exhibit 53 marked for	
17 MS. SMITH: Objection, form.		17 identification.)	
18 A I'm not -- I don't recall exactly. By SAS		18 BY MS. TOMKOWIAK:	
structure, you mean? I know there were universal		19 Q Let me know when you're ready.	
polices. I don't know exactly which entities		20 (Witness reviews document.)	
were covered, so I don't want to...		21 A Okay.	
22 BY MS. TOMKOWIAK:		22 BY MS. TOMKOWIAK:	
23 Q Okay. Yeah, when I say SAS Asset Recovery		23 Q Okay. So this is an e-mail from -- the	
24 structure, I was just reading from here. Again,		24 top of the e-mail chain is an e-mail from	
25 to the best of your knowledge, you don't know if		25 Mr. Leventon to Mr. DiOrio with a copy to you and	

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	109	111
1 Ms. Irving. He's forwarding a legal rep letter 2 and the subject is FW: Sentinel Re - Legal Rep. 3 If you look a couple of e-mails down, Mr. Kemp 4 sends an e-mail to Mr. Leventon and he says: I'm 5 the auditor working on the Sentinel Re engagement 6 for the year ended December of 2018, and then he 7 asks for an update as to any actions that occurred 8 during 2018 and asked when do you believe the 9 issues will be wrapped up by the courts.	1 judgment? 2 A I don't. 3 Q Okay. Who would be the primary persons in 4 charge of providing the auditors with the 5 information that they would request about 6 Sentinel? 7 MS. SMITH: Objection, form. 8 A Sorry, say -- who would provide the 9 auditors information requested about Sentinel?	
10 Do you believe that Mr. Kemp is referring 11 to the UBS litigation? 12 A I don't know. 13 Q Okay. At this point in time, Sentinel had 14 already issued the ATE policy that covered the UBS 15 litigation that we briefly spoke about earlier; is 16 that right? 17 A At which -- sorry, at which point? 18 Q In May 24, 2019. 19 A Yes. 20 Q Okay. And at this point in time, UBS -- 21 are you aware that the trial between UBS and 22 Highland had occurred? 23 MS. SMITH: Objection, form. 24 A I was not. 25	10 BY MS. TOMKOWIAK: 11 Q Sure. I mean, like we looked at an 12 exhibit earlier where the auditor said that they 13 were unable to obtain sufficient information, and 14 now we have an e-mail that's being sent to 15 Mr. Leventon asking for information regarding the 16 Sentinel audit. 17 So my question is, who, if you know, would 18 be the persons responsible for responding to those	
1 BY MS. TOMKOWIAK: 2 Q Okay. Were you involved in that trial at 3 all? 4 A No. 5 Q And then Mr. Kemp sends Mr. Leventon 6 another e-mail about a year later, June 16th, 7 2020, again, trying to wrap up the audit and 8 asking for a brief update on what happened during 9 that year. Are you aware that at this time -- by 10 this time UBS had obtained a \$1.2 billion judgment 11 against Highland? 12 MS. SMITH: Objection, form. 13 A I don't remember the exact timing of when 14 that happened, but I have a general recollection 15 that it happened. 16 BY MS. TOMKOWIAK: 17 Q And I should be more precise. It was 18 actually a judgment against certain of Highland's 19 funds, but with that -- with that -- 20 A Again, I don't have specific knowledge 21 about what was awarded to whom or the exact 22 timing. I have a general recollection that there 23 was a verdict of some sort. 24 Q Okay. Do you know whether Sentinel's 25 auditors were provided information regarding that	110	112 1 types of inquiries from Sentinel's auditors? 2 MS. SMITH: Objection, form. 3 A Depends when you're asking temporally. I 4 don't have personal knowledge of, for example, 5 this time frame. I don't know what the 6 information flow would have been. 7 BY MS. TOMKOWIAK: 8 Q And is that true in 2017 as well? 9 A I had been asked in 2017 for information 10 and so I would have answered questions to the 11 extent they were posed to me, which they were a 12 few times, but I don't know the entire universe of 13 who was providing what. 14 Q So who posed questions to you in 2017? 15 MS. SMITH: Objection, form. 16 A And I'm sorry, let's narrow this. When 17 you say information, we're referring to what? 18 What are you referring to? 19 BY MS. TOMKOWIAK: 20 Q Information relevant to the audit of 21 Sentinel. 22 A I recall being asked by the administrator. 23 Q Who was the administrator? 24 A Beecher Carlson Cayman. 25 Q So Beecher Carlson was the administrator

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1	of Sentinel; is that what you're saying?	1	the following table with the likely outcomes of
2	A Yes.	2	the case.
3	Q And you recall that they would reach out	3	Do you see that sentence?
4	to you with questions relating to the audit of	4	A Yes.
5	Sentinel?	5	Q Do you know who the actuary is?
6	A They had in the past.	6	A I don't recall.
7	Q In what time frame?	7	Q And by the case, looking at this chart,
8	A Over the course of 2012 through -- I mean,	8	does this look like it refers to the UBS matter?
9	at different times, but starting in 2012.	9	A I don't want to speculate.
10	Q Through approximately when?	10	Q Is there any other -- any other litigation
11	A '17 I would say.	11	that Highland had going on at the time related to
12	Q Do you know why they stopped reaching out	12	synthetic warehouse losses?
13	to you for questions after 2017?	13	A I have no personal knowledge. I don't
14	A I don't. I don't.	14	want to -- I don't know.
15	Q Did your role change?	15	Q And in the column that says expected
16	MS. SMITH: Objection, form.	16	payout, do you know, payout, from whom is that
17	A My role with respect to what?	17	referring to; do you know?
18	BY MS. TOMKOWIAK:	18	MS. SMITH: Objection, form.
19	Q To your duties at Highland. Did anything	19	A I'm sorry, I'm not -- where is that?
20	about your role change such that you would no	20	BY MS. TOMKOWIAK:
21	longer be the person who would provide them with	21	Q Sure. In the chart there's -- the header
22	that information that they requested from you?	22	is Outcome Probability and then Expected Payout is
23	A I mean, I ended up working on a range of	23	the last column.
24	matters over my time at Highland, so I don't know	24	A Oh, no, I -- no, I don't know.
25	if my role would have changed. I just know that	25	Q And when Mr. Kemp says to Mr. Leventon in
	114		116
1	the questions stopped -- I stopped receiving the	1	that second sentence there -- or the sentence
2	questions. Yeah.	2	after point 2, per their report, you have agreed
3	Q What types of questions did they ask?	3	that these estimates are reasonable.
4	A I recall there had been questions about --	4	Do you know if that's referring to anybody
5	for example, in 2013 or '14, there had been	5	besides Mr. Leventon?
6	questions about distributions from CLOs and so I	6	A I don't have personal knowledge of the
7	would connect them with the indentured trustee,	7	e-mail. I don't know.
8	for example. That sort of connecting information	8	Q You don't recall today, as we sit here
9	flow.	9	today, getting a copy of this e-mail in June of
10	Q Distributions from CLOs to Sentinel?	10	10 last year?
11	A Uh-huh. Yes.	11	A I'm just not agreeing or disagreeing with
12	Q The CLOs that we looked at earlier or	12	what Kemp tells -- Kemp says in this e-mail.
13	different CLOs?	13	Q Did you -- do you recall agreeing at the
14	MS. SMITH: Objection, form.	14	time that any of these estimates were reasonable?
15	A I don't remember which exact ones. I just	15	MS. SMITH: Objection, form.
16	remember that as an example of being asked a	16	A I don't recall that. I was never asked
17	question at Highland with respect to Sentinel.	17	any of that.
18	BY MS. TOMKOWIAK:	18	BY MS. TOMKOWIAK:
19	Q Grayson or Greenbriar?	19	Q And just to be clear, because I'm not sure
20	A Could have been any of those.	20	that it is clear, do you recall receiving this in
21	Q Do you know why Mr. Leventon is forwarding	21	21 June of 2020?
22	this to you?	22	A I'm CC'd on a lot of e-mails. I don't --
23	A I don't.	23	I believe I got it. I don't recall exactly
24	Q In the first -- in the June 16th e-mail,	24	getting it.
25	Mr. Kemp references an actuary who has provided	25	Q Do you recall that during this time

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<p>117</p> <p>1 period, any analysis of the likely outcomes of the 2 UBS matter in June of 2020?</p> <p>3 MS. SMITH: Objection, form.</p> <p>4 A I have no personal knowledge or recollection of that.</p> <p>6 BY MS. TOMKOWIAK:</p> <p>7 Q Did you have any role in preparing legal 8 rep letters?</p> <p>9 MS. SMITH: Objection, form.</p> <p>10 A No.</p> <p>11 BY MS. TOMKOWIAK:</p> <p>12 Q Do you know what a legal rep letter is?</p> <p>13 A Generally.</p> <p>14 Q And with respect to Sentinel, did you have 15 any role preparing legal rep letters?</p> <p>16 A Not that I recall.</p> <p>17 Q After 2016 who -- who would have 18 Sentinel's financial statements and audits for 19 2017 through the present?</p> <p>20 MS. SMITH: Objection, form.</p> <p>21 A I don't know. Sentinel.</p> <p>22 BY MS. TOMKOWIAK:</p> <p>23 Q Meaning its directors?</p> <p>24 A I don't know.</p> <p>25 Q You can set that aside. Okay. Let's talk</p>	<p>119</p> <p>1 A Christopher Watler.</p> <p>2 Q And then you also mentioned Highland 3 personnel. Who from Highland worked on the 4 Sentinel UBS policy?</p> <p>5 MS. SMITH: Objection, form.</p> <p>6 A I don't -- I don't want to speak to -- I don't know the entire universe. I recall working 8 with the compliance team, the accounting team. 9 Maples and Calder also was outside counsel that 10 worked on the matter. The accounting team, 11 trading and settlement team, I believe the tax 12 team.</p> <p>13 BY MS. TOMKOWIAK:</p> <p>14 Q Let's take those in turn. So who's on the 15 compliance team that you recall working on the UBS 16 policy with?</p> <p>17 MS. SMITH: Objection, form.</p> <p>18 A Mr. Surgent was the chief compliance 19 officer. I don't know who else he may have worked 20 with, but I recall working with him on sort of 21 compliance approval.</p> <p>22 BY MS. TOMKOWIAK:</p> <p>23 Q Compliance approval generally or 24 compliance approval of the -- what I'll refer to 25 today as the UBS policy? Do you understand what I</p>
<p>118</p> <p>1 about the ATE policy that Sentinel issued in 2 connection with the UBS litigation. What role did 3 you have in procuring that policy?</p> <p>4 A In procuring the policy?</p> <p>5 Q Yeah.</p> <p>6 A I worked with outside counsel. I had a 7 general understanding of what the goal was. I 8 worked with outside counsel, the administrator, 9 the board -- the directors, Highland personnel, in 10 connection with that being put into place.</p> <p>11 Q Who's outside counsel?</p> <p>12 A Solomon Harris.</p> <p>13 Q Anyone else?</p> <p>14 A Not that I recall.</p> <p>15 Q Who is the administrator? Is that Beecher 16 Carlson?</p> <p>17 A Beecher Carlson Cayman.</p> <p>18 Q The directors, do you mean the directors 19 of Sentinel?</p> <p>20 A Yes.</p> <p>21 Q And then who were they in August of 2017, 22 if you recall?</p> <p>23 A Again, the name I remember is Andrew Dean.</p> <p>24 I don't remember the other person's name.</p> <p>25 Q Christopher Watler?</p>	<p>120</p> <p>1 mean by that?</p> <p>2 A I don't know the distinction you're trying 3 to draw.</p> <p>4 Q With the policy or with respect to 5 approval? Let's back up.</p> <p>6 A Sorry.</p> <p>7 Q That's okay. That's all right. So you 8 said that Mr. Surgent was the chief compliance 9 officer, right?</p> <p>10 A Yes.</p> <p>11 Q And you recall working with him on sort of 12 compliance approval?</p> <p>13 A Oh, okay. Yeah.</p> <p>14 Q Were you referring to compliance approvals 15 in general or were you referring to compliance 16 approval of the Sentinel policy that was issued in 17 connection with the UBS matter?</p> <p>18 A Compliance approval of the transaction in 19 the Sentinel policy.</p> <p>20 Q So you recall that Mr. Surgent approved 21 that?</p> <p>22 A Yes.</p> <p>23 Q Did he do that orally? Did he do that in 24 writing? Do you recall how he approved that?</p> <p>25 A I believe both ways.</p>

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1 Q Did he do that to you personally or was 2 that just your understanding? 3 MS. SMITH: Objection, form. 4 A I remember personally being in a meeting 5 where he approved of the transaction. 6 BY MS. TOMKOWIAK: 7 Q And when you say the transaction, what do 8 you mean by that? 9 A The UBS ATE policy. 10 Q Tell me everything you remember about that 11 meeting. 12 MS. SMITH: Objection, form. 13 A I believe Mr. Ellington was present. I 14 believe -- 15 MS. SMITH: Before you answer anything, 16 this sounds like it's going to go into an area 17 that might be privileged, so I want to make sure 18 that Mr. Feinstein is fine with this line of 19 questioning and waives the privilege on behalf of 20 the debtor. 21 MR. FEINSTEIN: To the extent that the 22 privilege may apply to these conversations, we 23 would not assert. 24 A Yeah, I believe Mr. Ellington was present, 25 representatives from the accounting and tax -- or		1 Q Where, in the Highland offices? 2 Yeah. 3 A Do you know the Highland offices? 4 Q I don't. That's why I'm asking. 5 A In the Highland offices. It's one of the 6 larger conference rooms at Highland. 7 Q How many floors does Highland have on -- 8 A Just one. 9 Q Just one? 10 A Yeah. 11 Q Okay. So it's one of the main conference 12 rooms -- 13 A That's right. 14 Q -- on Highland's only floor? 15 A That's correct. 16 MS. TOMKOWIAK: Apologies. Sorry. 17 BY MS. TOMKOWIAK: 18 Q So this meeting took place in the 19 Bois d'Arc conference room. Whose office was that 20 conference room near? 21 A I think the closest office would have been 22 Mr. Surgent's. 23 Q Okay. Was Mr. Ellington next door? 24 A Mr. Ellington -- 25 MS. SMITH: Objection, form.	
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1 accounting team, excuse me. 2 BY MS. TOMKOWIAK: 3 Q Who was that? 4 A I don't recall exactly. Mr. Stoops, plus 5 another individual, I believe. I was present. 6 And I don't recall if there was an additional 7 person from the compliance team. There may have 8 been, but I don't recall specifically. 9 Q Anybody from the tax team? 10 A Not that I recall. 11 Q Was Rick Swadley there? 12 A Not that I recall. 13 Q Okay. So to the best of your 14 recollection, the people in the room were 15 Mr. Surgent, Mr. Ellington, Mr. Stoops, you, one 16 other individual who worked with Mr. Stoops and 17 possibly one other individual who worked with 18 Mr. Surgent; is that right? 19 MS. SMITH: Objection, form. 20 A I believe that's right. 21 BY MS. TOMKOWIAK: 22 Q Where did this meeting take place? 23 A In the -- at Highland offices in the Bois 24 d'Arc conference room. 25 Q Where is the Bois d'Arc conference room?		1 A Mr. Ellington's office is next door to 2 Mr. Surgent's. 3 BY MS. TOMKOWIAK: 4 Q What about Mr. Stoops? Where did he sit 5 at the time in relation to that conference room? 6 A Farther away. On kind of a different wing 7 of the building, let's call it. 8 Q Do you recall when this meeting took 9 place? 10 A I don't recall the exact date. 11 Q Are you able to estimate it as it relates 12 to the date of the insurance policy? 13 A I would estimate July of 2017. 14 Q Do you recall what day of the week this 15 was? 16 A I don't. 17 Q Do you recall approximately what time this 18 meeting took place? 18 A I don't. 20 Q Do you recall if it was in the morning? 21 A I don't. I don't recall the time of day. 22 Q Do you recall approximately how long it 23 lasted? 24 A I recall it being somewhat involved and 25 then spilling over into Mr. Surgent's office	

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1 afterwards, directly, where Mr. Ellington and I 2 sat with Mr. Surgent. I think -- no less than 3 one hour, I think, in total. 4 Q So just to be clear, no less than one hour 5 meeting in the conference room? 6 A Correct. 7 Q And then you said it spilled over to 8 Mr. Surgent's office. And in that meeting is it 9 your recollection that that was only you, 10 Mr. Ellington and Mr. Surgent? 11 A That's my recollection. 12 Q And do you recall how long you met with 13 those other -- two other individuals? 14 A I don't. 15 Q More than an hour? 16 A I don't recall. 17 Q Who organized this meeting? 18 A I don't recall who set the -- who set the 19 meeting. 20 Q Did you? 21 A It's possible. 22 Q Do you recall how you did that? Was that 23 by e-mail? Did you go around to people's offices 24 and just say, hey, can we have a meeting? 25 MS. SMITH: Objection, form.	125 1 potentially weeks, but I don't recall exactly how 2 much in advance I learned about it. 3 Q Who told you about it? 4 A About? 5 Q The policy. 6 A Mr. Ellington. 7 Q Anybody else? 8 A No. 9 Q And I want to come back to that. As to 10 the other people in the room, was everybody else 11 in the room aware of the policy and the 12 transaction underlying the policy prior to this 13 meeting? 14 MS. SMITH: Objection, form. 15 A I don't know what anyone else knew at any 16 given moment. I knew I had previous knowledge of 17 it. 18 BY MS. TOMKOWIAK: 19 Q So based on what happened in the meeting, 20 you didn't learn one way or the other if this was 21 anybody else's first time hearing about that? 22 A I don't recall remembering -- I don't 23 remember that being the case. 24 Q And you said that you learned about it 25 from Mr. Ellington. Was that in a -- well, how
1 A I don't recall exactly how it came 2 together. It could have been an admin sending 3 around a calendar. I don't recall. 4 BY MS. TOMKOWIAK: 5 Q Who decided who to invite to the meeting? 6 A I don't recall. I don't recall, but the 7 meeting focused on the compliance component of it, 8 so by definition, the sort of compliance 9 department needed to be there. I don't recall -- 10 again, I don't recall who set the meeting. I just 11 recall it happening. 12 Q What was the purpose of the meeting? 13 A To ensure that there were no compliance 14 issues related to the policy, to make sure there 15 was approval, necessary compliance approval, 16 concerning the policy, the transaction. 17 Q Was this meeting the first time that you 18 learned of the ATE policy? 19 A No. 20 Q When did you first hear about that? 21 A I don't recall the exact date, but prior 22 to that. 23 Q Do you have an estimate? A couple days 24 before that? Weeks before that? 25 A I would say -- I would say several days or	126 1 did you learn about it from Mr. Ellington? 2 A I believe he was in the office and he came 3 by my desk. 4 Q Again, days or weeks prior to this 5 meeting? 6 A Yes. I don't -- I mean, it could have 7 been weeks. I don't recall exactly the gap in 8 time, let's call it. 9 Q But it was -- you recall that it was an 10 oral conversation? 11 A It was. 12 Q Was anybody else present? 13 A Not that I remember. 14 Q Do you recall how long that conversation 15 lasted? 16 A Twenty, 30 minutes. 17 Q What did Mr. Ellington say? 18 A He just made me aware that the intention 19 was to create an ATE policy, an after-the-event 20 policy relating to the UBS case and that Sentinel 21 would be the insurance company. 22 Q Okay. And when you say with respect to 23 the UBS case, do you mean that the intention was 24 to create an insurance policy that would cover 25 Highland's liability to UBS in connection with the

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	129	1 A I don't recall hearing that. No, I don't 2 think that's the case. I believe it was just 3 related to the UBS action. 4 Q Had Sentinel ever issued an 5 after-the-event policy before? 6 A No. 7 Q So this was the first? 8 A This was the first. 9 Q Going back to the meeting. So you said 10 that it occurred -- I'm sorry, you said that it 11 lasted just over an hour? 12 A Again, rough estimate. I remember -- 13 MS. SMITH: Objection, form. Which 14 meeting are we on now? 15 BY MS. TOMKOWIAK: 16 Q The meeting that you estimated occurred in 17 July 2017 in the Bois d'Arc conference room. 18 A I remember it being a lengthy meeting. I 19 don't recall the exact time. 20 Q What happened during the meeting? 21 A The policy was discussed, the -- sort of 22 the compliance component included whether -- or 23 compliance approval of a -- of a transaction of a 24 policy that was being written by an insurance 25 company in which Mr. Dondero and Ellington had an	131
1 conversation that I had with Mr. Ellington. 2 Q So I don't understand. What was the 3 purpose? What did Mr. Ellington tell you was the 4 purpose of getting an insurance policy? 5 A That the intention of the policy would be 6 to essentially have Sentinel issue a policy to 7 insure the defendants in the UBS case. 8 Q To insure the defendants in the UBS case 9 against losses that they incurred in connection 10 with the UBS case, right? 11 MS. SMITH: Objection, form. 12 A Insure defendants in the UBS case related 13 to the litigation. I didn't -- again, the 14 overarching strategy or the -- we didn't get into 15 that. That's not something we discussed or I 16 asked about. 17 BY MS. TOMKOWIAK: 18 Q Did you ask whether there was a pending 19 settlement on the horizon of the UBS case? 20 A I did not. 21 Q Did you know whether there was? 22 A No, I did not know. I do not know. 23 Q Was it your understanding that the policy 24 was intended to cover any other matter other than 25 the UBS litigation?	130	1 interest, whether the policy was acceptable from a 2 compliance perspective, things of that nature. 3 Q So what is the compliance component of 4 that transaction? 5 A Again, I -- well, I think the compliance 6 component largely turned on whether Sentinel was 7 some sort of affiliate or related party and 8 whether there was a conflict of interest and 9 whether from -- and again, I don't know the entire 10 regulatory framework applicable. I don't want to 11 say -- represent that I was in the compliance -- 12 on the compliance team, but the acceptability and 13 the -- whether there were any compliance issues 14 related to the policy being put into place. 15 Q Related to this being a related party 16 transaction? 17 A Potential -- 18 MS. SMITH: Objection, form. 19 A Potentially. That was one of the 20 questions. 21 BY MS. TOMKOWIAK: 22 Q Well, was that question answered during 23 the meeting? 24 A I believe so. 25 Q And what was the answer?	132

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1 A That Sentinel was not an affiliate under		1 BY MS. TOMKOWIAK:	
2 common control with Highland.		2 Q As it relates to this -- let me just be	
3 Q Who reached that conclusion?		3 clear. As it relates to this insurance policy and	
4 A I believe Mr. Surgent did.		4 transaction.	
5 Q Anybody else?		5 A In July 2017 -- July, August 2017 time	
6 A I don't recall.		6 frame.	
7 Q And to the best of your recollection,		7 Q July, August 2017?	
8 was -- well, start with -- Mr. Surgent aware		8 A Ms. Thedford, Lauren Thedford. I believe	
9 that -- aware of Mr. Dondero and Mr. Ellington's,		9 that's it.	
10 I'll say relationship to Sentinel?		10 Q Okay. And then the same question with	
11 MS. SMITH: Objection, form.		11 respect to accounting. Who did you work on in	
12 A I believe so.		12 accounting -- who did you work with in accounting	
13 BY MS. TOMKOWIAK:		13 related to this policy and transaction?	
14 Q To the best of your recollection, was		14 A Mr. Stoops. A gentleman named Carter	
15 everybody in the room aware of that fact?		15 Chism. He was more on the trading and settlement	
16 MS. SMITH: Objection, form.		16 side, but I sort of consider that part of the	
17 A I believe so.		17 accounting function.	
18 BY MS. TOMKOWIAK:		18 Q And anybody else?	
19 Q You say that's what you were discussing,		19 A Those are the two I recall. Possibly	
20 so if everybody was in the room, they would have		20 others, but I'm not remembering exactly.	
21 heard that discussion, right?		21 Q Anybody else from the trading settlement	
22 A Yes, I think that's correct.		22 group?	
23 Q Why was Mr. Stoops in the room?		23 A I'm forgetting some of the gentlemen's	
24 A My recollection is he -- he could speak to		24 names, but, yes, others. There was a gentleman on	
25 the, sort of trading and settlement component to		25 the retail side. Mr. Fuentes, I believe,	
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1 the assets being transferred to Sentinel in		1 addressed some settlement questions. I believe	
2 connection with the policy. And I think he had --		2 that's it.	
3 he was the person who had the most accounting		3 Q Who did you work with on this policy and	
4 knowledge and background on some of these		4 transaction from the tax group?	
5 defendant entities.		5 A Mr. Swadley and Mr. Patrick.	
6 Q Did you ask Mr. Stoops to do anything		6 Q Anybody else?	
7 during that meeting?		7 A Not that I recall.	
8 A I don't recall. I don't think so.		8 Q Okay. And then you said that in this	
9 Q You mentioned earlier that -- when we were		9 meeting in the conference room, that a conclusion	
10 talking about Highland personnel, you talked about		10 was reached with respect to whether this was a	
11 Mr. Surgent, you talked about accounting, you		11 conflict of interest; is that fair?	
12 talked about trading and settlement and tax.		12 A Whether there was compliance approval.	
13 Outside of the individuals that we have discussed		13 Q Well, let me back up.	
14 were at this meeting, who else falls within that		14 So I think you said that there was a	
15 group of people that you worked on with respect to		15 question about whether or not doing this	
16 this policy?		16 particular type of transaction with Sentinel,	
17 MS. SMITH: Objection, form.		17 because of Mr. Ellington and Mr. Dondero,	
18 A I don't understand the question. Can		18 presented some type of -- I don't want to put	
19 you --		19 words in your mouth, but I think you said a	
20 BY MS. TOMKOWIAK:		20 conflict of interest; is that right?	
21 Q Sure. Let me just break it down. So who		21 A That was one of the issues I think that	
22 did you work on it from the compliance group		22 required compliance review.	
23 besides Mr. Surgent?		23 Q Okay. And did they review that during	
24 MS. SMITH: Objection, form.		24 this meeting?	
25		25 A During that meeting and during subsequent	

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	137	1 meetings, yes. 2 Q Okay. And what was the outcome of that 3 review? 4 A The conclusion was that the ATE policy 5 wasn't an impermissible conflict of interest and 6 there was compliance sort of approval that that 7 was not -- that that was not a problem or that was 8 not an issue that needed to somehow change the 9 policy or the transaction. 10 Q And who specifically reached that 11 conclusion? 12 A The compliance team, Mr. Surgent. 13 Q Anybody else? 14 A I don't know who he consulted. I wasn't 15 privy; but as far as I knew, Mr. Surgent approved 16 the transaction. 17 Q During this meeting, was -- did anybody 18 direct you or anybody else in the room to keep 19 this policy a secret? 20 A No. 21 Q Did anybody instruct you or anybody else 22 in the room to keep the transaction a secret? 23 A No, I don't remember that. 24 Q Or to keep it confidential or limited to a 25 small group of people in any way?	139
1 MS. SMITH: Objection, form. 2 A No. I never considered it a secret. 3 BY MS. TOMKOWIAK: 4 Q Do you recall anything else about that 5 meeting? 6 A Other than the topics I mentioned were 7 covered, there were subsequent meetings. But from 8 that meeting, no, I remember the compliance 9 approval component is what I remember most. 10 Q And you also mentioned some discussion 11 about the -- on the assets at the funds? 12 A Yes. 13 Q Are there any other topics that you 14 remember being discussed at that meeting? 15 A Not that I recall. 16 Q Did you have any experience with ATE 17 policies prior to this? 18 A I had knowledge of ATE policies because 19 several years before, Sentinel applied to the 20 regulator to write this sort of policy. And so I 21 recall that process and I recall understanding in 22 general what ATE is. 23 Q But you said this was Sentinel's first ATE 24 policy, right? 25 A That's correct.	138	1 BY MS. TOMKOWIAK: 2 Q Going back briefly to the meeting and 3 Mr. Surgent's conclusion and approval. Did he say 4 that directly during the meeting or did you hear 5 that from someone else? 6 A I heard it directly -- I don't know if 7 there were subsequent meetings where he reiterated 8 that, but I heard that from him during that 9 meeting and the subsequent meeting in his office. 10 Q And what was discussed at the subsequent 11 meeting in Mr. Ellington's office -- I mean, I'm 12 sorry, you said it was Mr. Surgent's office? 13 A Mr. Surgent's office. 14 Q Yeah. What was discussed at that meeting? 15 A Specifics about the policy and the 16 documentation. I think a rehash of what had been 17 discussed in the broader meeting. But from my 18 perspective, it was all sort of -- it was all the 19 same topics that were being discussed, perhaps in 20 different ways, but it was all the same universe 21 of topics and kind of compliance approval 22 components. 23 Q Do you know why you met as a smaller group 24 after the larger group meeting? 25 A I don't recall. I kind of -- I believe I	140

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<p>1 followed Mr. Ellington and Mr. Surgent.</p> <p>2 Q So to the best of your recollection, that</p> <p>3 just sort of happened informally; you guys just</p> <p>4 walked into Mr. Surgent's office?</p> <p>5 A I believe so.</p> <p>6 Q Do you know whether the funds who are</p> <p>7 insured under the policy got quotes from any other</p> <p>8 insurance companies?</p> <p>9 A I don't know.</p> <p>10 MS. SMITH: Objection, form.</p> <p>11 THE WITNESS: Sorry.</p> <p>12 A I don't know.</p> <p>13 BY MS. TOMKOWIAK:</p> <p>14 Q Was that discussed at either of the</p> <p>15 meetings that you described?</p> <p>16 A No.</p> <p>17 Q Did you ask whether you should get quotes</p> <p>18 from other insurance companies?</p> <p>19 MS. SMITH: Objection, form.</p> <p>20 A I did not ask.</p> <p>21 BY MS. TOMKOWIAK:</p> <p>22 Q And who was going to negotiate this policy</p> <p>23 on behalf of Sentinel?</p> <p>24 A Sentinel had outside counsel drafting the</p> <p>25 policy and it also had its own directors and</p>	<p>141</p> <p>1 Q Okay. Ms. Irving?</p> <p>2 A I don't recall.</p> <p>3 MS. TOMKOWIAK: Why don't we take another</p> <p>4 break, if it's okay. Let's go off the record.</p> <p>5 THE VIDEOGRAPHER: The time is 12:49 p.m.</p> <p>6 We are off the record.</p> <p>7 (Recess taken from 12:49 p.m. CDT to</p> <p>8 1:39 p.m. CDT)</p> <p>9 THE VIDEOGRAPHER: The time is 1:39 p.m.</p> <p>10 We are back on the record.</p> <p>11 BY MS. TOMKOWIAK:</p> <p>12 Q Mr. Sevilla, before lunch we were talking</p> <p>13 about a meeting that occurred in the Bois d'Arc</p> <p>14 conference room that you believe occurred around</p> <p>15 July 2017. Do you remember that?</p> <p>16 A Yes.</p> <p>17 Q And you testified that you recall</p> <p>18 Mr. Ellington was in the room, Mr. Stoops was in</p> <p>19 the room, Mr. Surgent was in the room, you were in</p> <p>20 the room and then you believed that there might</p> <p>21 have been one other person with Mr. Stoops and one</p> <p>22 other person with Mr. Surgent in the room; is that</p> <p>23 right?</p> <p>24 A Yes.</p> <p>25 Q And you don't have any recollection of who</p>
<p>1 administrator.</p> <p>2 Q So at the time that you had this meeting,</p> <p>3 to the best of your recollection, was the policy</p> <p>4 already being drafted?</p> <p>5 MS. SMITH: Objection, form.</p> <p>6 A Yes. It had been -- the proposed policy</p> <p>7 had been drafted by this point.</p> <p>8 BY MS. TOMKOWIAK:</p> <p>9 Q And how had that already happened?</p> <p>10 A Again, I had come to learn that the</p> <p>11 intention was for this policy to be put into</p> <p>12 place. Sentinel's outside counsel drafted the</p> <p>13 proposed policy and that was part and parcel to</p> <p>14 the meeting as approval of that policy.</p> <p>15 Q By outside counsel, do you mean Maples?</p> <p>16 A No. The Solomon Harris firm.</p> <p>17 Q So Solomon Harris is the one that drafted</p> <p>18 the policy?</p> <p>19 A Correct.</p> <p>20 Q Was Mr. DiOrio in the meeting in</p> <p>21 Mr. Surgent's office?</p> <p>22 A I don't think so. I don't recall him</p> <p>23 being in any of those meetings.</p> <p>24 Q How about Mr. Leventon?</p> <p>25 A I don't think so. I don't recall.</p>	<p>142</p> <p>1 those other two individuals were?</p> <p>2 A Yeah, it's a vague recollection and I</p> <p>3 don't remember who. And it -- I may be mistaken,</p> <p>4 but that's sort of my recollection is it was a</p> <p>5 larger group in that conference room.</p> <p>6 Q And you don't recall Mr. Leventon being</p> <p>7 there?</p> <p>8 A I don't.</p> <p>9 Q And you don't recall Mr. DiOrio being</p> <p>10 there?</p> <p>11 A I do not.</p> <p>12 Q You don't recall Ms. Irving being there?</p> <p>13 A Correct.</p> <p>14 Q You don't recall Mr. Dondero being there?</p> <p>15 A Correct.</p> <p>16 Q When you say you have a vague</p> <p>17 recollection, does that mean you have a</p> <p>18 recollection of someone you think was in the room</p> <p>19 but you don't know if they were in the room?</p> <p>20 A Mr. Post, who was on the compliance team,</p> <p>21 may have been in the room. I know there were</p> <p>22 issues that he weighed in on, not necessarily at</p> <p>23 that meeting, but in -- at different times. But</p> <p>24 that's my best recollection of that one meeting</p> <p>25 you're referencing.</p>

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1 Q And you don't recall who was there with 2 Mr. Stoops?		1 Q And then what do you mean by transaction 2 documents?	
3 A That's right.		3 A I believe the purchase agreement.	
4 Q Do you recall that there were -- there was 5 definitely somebody else there with Mr. Stoops, 6 you just don't remember who?		4 Q Anything else?	
7 A No. It could be that there wasn't, that 8 it was just Mr. Stoops from the accounting side.		5 A That would have been it.	
9 Q So the only four people you know were in 10 the room were yourself, Mr. Leventon, Mr. Surgent, 11 and Mr. Stoops?		6 Q So to the best of your recollection, the 7 two documents that were in the room were the 8 insurance policy draft form and the purchase 9 agreement?	
12 MS. SMITH: Objection, form.		10 A I think that's right.	
13 A Ellington, Surgent and me, and I believe 14 Mr. Stoops and then it kind of goes foggier with 15 respect to the others.		11 Q Was that also in draft form?	
16 MS. SMITH: Can we go off just really 17 quick, please?		12 A It would have been in draft form, yeah.	
18 THE VIDEOGRAPHER: We are off the record 19 at 1:41 p.m.		13 Q Do you know who drafted that?	
20 (Recess taken from 1:41 p.m. CDT to 21 1:42 p.m. CDT)		14 A Outside counsel. I believe Mr. Stoops 15 would have also had the asset listing, the 16 spreadsheet of assets.	
22 THE VIDEOGRAPHER: 1:42 p.m., we're back 23 on the record.		17 Q Who asked him to bring that?	
24 BY MS. TOMKOWIAK:		18 A I don't know.	
25 Q Mr. Sevilla, let's clear up the record.		19 Q Did you?	
	146	20 A I don't think so.	
1 So the only four people that you know were in that 2 meeting were yourself, Mr. Surgent, Mr. Ellington 3 and Mr. Stoops; is that right?		21 Q Did anybody make a presentation at this 22 meeting?	
4 A Correct.		23 A I don't think it was a presentation, but 24 it -- it was more of a discussion.	
5 Q And were there any notes taken at this 6 meeting?		25 Q Who led the discussion?	
7 MS. SMITH: Objection, form.			148
8 A I don't recall.		1 A Mr. Ellington.	
9 BY MS. TOMKOWIAK:		2 Q Who brought the insurance policy to the 3 meeting?	
10 Q Did you take any notes?		4 A I did.	
11 A I don't recall.		5 Q And did you also bring the purchase 6 agreement?	
12 Q Did you see anybody else taking notes?		7 A Yes.	
13 A I don't recall.		8 Q Did you bring any other documents?	
14 Q Were there any documents reviewed at this 15 meeting?		9 A Not that I recall.	
16 A Yes.		10 Q Did anybody else bring any other 11 documents?	
17 MS. SMITH: Objection, form.		12 A Not that I recall.	
18 THE WITNESS: Sorry.		13 Q Were there any reports that were written 14 about this meeting afterwards?	
19 A Yes, the proposed -- the insurance policy, 20 the document, transaction documents.		15 A Not that I have knowledge of.	
21 BY MS. TOMKOWIAK:		16 Q Were there any reports written about any 17 of the conclusions that were reached at this 18 meeting?	
22 Q So by insurance policy, do you mean there 23 was a copy of the draft insurance policy in the 24 room?		19 A Not that I know of.	
25 A Correct.		20 Q Was it specifically discussed at this 21 meeting that Mr. Dondero owned 70 percent of 22 Sentinel?	
		23 MS. SMITH: Objection, form.	
		24 A Ownership was discussed. I don't know if 25 it was on a percentage basis to the exact number	

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1	that you're referencing.	1	that's largely what was discussed. The proposed
2	BY MS. TOMKOWIAK:	2	terms of the policy, the proposed terms of the --
3	Q But it was specifically discussed that	3	you know, proposed terms of the insurance policy
4	Mr. Dondero owned part of Sentinel?	4	and the purchase agreement.
5	MS. SMITH: Objection, form.	5	Q Did you think it was not relevant that
6	A Yes. Yes.	6	Mr. Ellington also owned part of Sentinel?
7	BY MS. TOMKOWIAK:	7	MS. SMITH: Objection, form.
8	Q Who said that?	8	A Again, it may have been discussed. It's
9	A I don't recall exactly who. Mr. Ellington	9	not something I recall, but I think it's -- I do
10	and myself both would have conveyed that to -- I	10	think it's relevant.
11	certainly mentioned it.	11	BY MS. TOMKOWIAK:
12	Q You mentioned it?	12	Q You do think it's relevant sitting here
13	A Yes.	13	today?
14	Q Okay. Did you also mention that	14	A I think it's a fact around the ownership
15	Mr. Ellington also owned part of Sentinel?	15	15 of the company. So if there are questions about
16	MS. SMITH: Objection, form.	16	16 the ownership of the company, I think that would
17	A I don't know if I mentioned that or not.	17	17 be something discussed. And it very well might --
18	BY MS. TOMKOWIAK:	18	18 might well have, I just -- what I recall is
19	Q Did Mr. Ellington mention that?	19	19 Dondero's ownership component.
20	A I don't know.	20	Q Who asked you to bring those documents to
21	Q So you --	21	the meeting?
22	A I don't recall.	22	A I don't recall. I don't know if anyone
23	Q -- don't know if the folks in the room	23	did.
24	knew that Mr. Ellington owned part of Sentinel?	24	Q And what was the specific question posed
25	MS. SMITH: Objection, form.	25	25 to Mr. Surgent during that meeting?
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1	A I don't have direct recollection of that	1	A The specific -- I don't think it was one
2	being discussed.	2	question. I think it was a number of questions
3	BY MS. TOMKOWIAK:	3	3 and discussion points. I don't think there was
4	Q You knew it at the time, right?	4	4 just one thing.
5	A Yes.	5	Q When it came to Sentinel's ownership --
6	Q And Mr. Ellington knew it at the time?	6	when it came to Sentinel's ownership, was there a
7	A I suppose. I presume he did.	7	specific question posed to Mr. Surgent?
8	Q But to the best of your recollection,	8	A I don't -- I don't remember the meeting in
9	neither you nor Mr. Ellington mentioned that fact	9	9 those terms to break it down into one question or
10	in the room?	10	10 another. It was a meeting that covered a broad
11	MS. SMITH: Objection, form.	11	11 variety of topics, including ownership, commercial
12	A I don't recollect one way or the other	12	12 terms, documentation, et cetera. So I apologize.
13	that that came up.	13	13 I can't break it down the way you're asking me to.
14	BY MS. TOMKOWIAK:	14	Q You mentioned earlier that there was a
15	Q So then was the discussion of the	15	discussion of the potential conflict of interest.
16	compliance issues, as you said, around	16	What was the conflict of interest that was
17	Mr. Dondero's ownership of Sentinel?	17	discussed?
18	MS. SMITH: Objection, form.	18	A Well, there was an ownership interest on
19	A It was a discussion of a broad range of	19	19 the part of Sentinel, Mr. Dondero's ownership
20	facts and -- about the policy and about Sentinel	20	20 interest on the Sentinel side, and where Highland
21	21 itself.	21	21 sat in relation to the insureds and also being a
22	BY MS. TOMKOWIAK:	22	22 defendant in the case.
23	Q What about Sentinel itself?	23	Q So was the question whether it was a
24	A Its ownership, Mr. Dondero's connection	24	conflict of interest for these funds to enter into
25	25 with it, and that's large -- that's largely --	25	this transaction and insurance policy with

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1	Sentinel?	1	would have been sufficient from your perspective
2	A Again, it was a series of discussions and	2	to move forward with the transaction?
3	questions around these facts. I can't break it	3	MS. SMITH: Objection, form.
4	into -- you know, a discrete question set, but it	4	A I don't think it was up to me to move
5	was a comprehensive discussion around all of these	5	forward with the transaction. It would have been
6	salient facts.	6	up to others, but that was my -- certainly my
7	Q You testified earlier that there was a	7	takeaway.
8	conclusion reached around all of those salient	8	BY MS. TOMKOWIAK:
9	facts of the meeting; is that right?	9	Q Who was it up to to move forward with the
10	A I think at this meeting and subsequent	10	transaction?
11	meetings, certainly.	11	A Mr. Surgent, Mr. Ellington, Mr. Dondero.
12	Q Right. But when you say that, was there a	12	Q Why Mr. Dondero?
13	conclusion reached at this meeting and then that	13	A I think as just -- because of his
14	was repeated in subsequent meetings or are you	14	relationship and control of Highland and
15	saying there were additional decisions made in	15	Highland's relationship to those insureds.
16	subsequent meetings?	16	Q Do you know whether that conclusion was
17	A I think there was a conclusion at this	17	ever conveyed to Mr. Dondero?
18	meeting that it was -- it was an acceptable	18	A Which conclusion?
19	transaction from a compliance perspective and that	19	Q The conclusion that it was an acceptable
20	that was reinforced and discussed in subsequent	20	transaction from a compliance perspective.
21	meetings, touching on topics like the actual block	21	A I don't have firsthand -- I did not convey
22	and tackle of transferring the assets and the	22	to him, so I don't have firsthand knowledge of
23	like. So it was a series of meetings, but this	23	that.
24	was certainly one where approval from a compliance	24	Q Okay. Did Mr. -- well, we'll look at it.
25	perspective, I think -- I think that was the gist	25	What was your role with respect to the
	154		156
1	of that meeting.	1	policy? What was your specific role?
2	Q So was the conclusion that the transaction	2	A I think I provided some interface with
3	was approved from a compliance perspective or was	3	outside counsel, with the insurance administrator,
4	the conclusion that it didn't need to be approved	4	with the board. To the extent there were
5	from a compliance perspective?	5	questions from Sentinel with respect to the assets
6	MS. SMITH: Objection, form.	6	and in what form they were, whether it was
7	A I'm not following the distinction.	7	certificated securities or otherwise. So I think
8	BY MS. TOMKOWIAK:	8	I consider the tasks in the nature of interface
9	Q Well, was the conclusion that this is not	9	between all of these different subject matter
10	the type of transaction that compliance needs to	10	experts, whether on the Highland side or the
11	review or approve?	11	Sentinel side.
12	A I don't think that's right.	12	Q I don't mean to diminish that role, but
13	Q Okay. So was the conclusion that	13	did you have any substantive responsibilities with
14	compliance has reviewed and approved this	14	respect to the terms of the policy or the terms of
15	transaction?	15	the purchase agreement?
16	A That was my takeaway.	16	A I don't believe I did. I had -- I didn't
17	Q Why was that your takeaway?	17	have a say in the commercial -- or the -- no, I
18	A Because I believe in form and substance,	18	don't -- I don't think so. I certainly
19	that -- spirit and substance, that's what was said	19	communicated with outside counsel, but I left it
20	and discussed at the meeting and in subsequent	20	to all of them to do their respective jobs.
21	meetings.	21	Q So outside counsel were the ones that were
22	Q And do you know whether that spirit and	22	responsible for that?
23	substance was ever recorded in any other manner?	23	MS. SMITH: Objection, form.
24	A Not that I know of.	24	BY MS. TOMKOWIAK:
25	Q So that oral approval at that meeting	25	Q So in your -- from your perspective,

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1 outside counsel was the one who had the 2 substantive responsibility for negotiating the 3 terms of the policy and the purchase agreement? 4 A The directors, I would add to that. 5 Q Okay. 6 A The administrator or the actuaries, I 7 think they all played their separate parts in 8 putting it together. 9 Q Do you know who the actuary was? 10 A I don't remember the name. 11 Q All right. I'm going to hand you what we 12 will mark as Exhibit 54. 13 (Deposition Exhibit 54 marked for 14 identification.) 15 BY MS. TOMKOWIAK: 16 Q Go ahead and take a minute to look at 17 that. Exhibit 54 is an e-mail with attachments 18 and let me know when you're ready. 19 (Witness reviews document.) 20 A Okay. 21 BY MS. TOMKOWIAK: 22 Q Okay. This is an e-mail from you to 23 Ms. Irving and Ms. Kim, dated August 10th, 2017, 24 subject Sentinel Reinsurance Proposed ATE Policy. 25 Do you see that?	157 1 other. I don't remember. 2 BY MS. TOMKOWIAK: 3 Q Okay. Well, your e-mail doesn't provide 4 any explanation, correct? 5 A Correct. 6 Q Did you draft either of the attachments to 7 this e-mail? 8 A I may have put the Schedule A, dropped it 9 into Word form from an Excel. I remember -- 10 Q Just for our record, you're talking about 11 Schedule A to the purchase agreement? 12 A Schedule A to the purchase agreement. I 13 think ultimately outside counsel put all of this 14 together. I may have proposed the first draft of 15 the purchase agreement before handing it off to 16 them. I don't know what they changed, but I 17 remember reviewing the documents as well. 18 Q What about the resolutions? Is that 19 something you would have put together? 20 MS. SMITH: Objection, form. 21 A I don't think so. I don't recall doing 22 so. 23 BY MS. TOMKOWIAK: 24 Q Did somebody tell you to put together this 25 purchase agreement?	158 1 A Yes. 2 Q All right. And this looks like you are 3 sending to Ms. Irving and Ms. Kim a draft of the 4 insurance policy that we've been discussing and 5 also a draft of the resolutions of the board of 6 directors of Sentinel. Do you see that second 7 attachment? 8 A Yes. 9 Q What is Ms. Kim's role at the time? What 10 was her role at the time? 11 A Paralegal. 12 Q Why are you sending this to Ms. Irving and 13 Ms. Kim? 14 A Ms. Irving was assisting with -- assisting 15 with the transaction with closing the -- some of 16 the security transfers. I'm not sure why I sent 17 it to Ms. Kim. I don't remember. 18 Q When did Ms. Irving learn about the 19 insurance policy, to the best of your 20 recollection? 21 A I don't know. 22 Q But at the time you were sending this, 23 you -- she knew about it? 24 MS. SMITH: Objection, form. 25 A I don't know. I don't know one way or the	160 1 A No, I don't think anyone told me. I think 2 I was working with outside counsel. I may have -- 3 I may have prepared this schedule. Sorry, I 4 didn't see it at the end here. 5 Q The schedule to the insurance policy? 6 A Insurer, Insured, Appointed 7 Representative. No, other than the instruction to 8 work on this project, I wasn't instructed to 9 prepare this schedule. I mean, it was sort of a 10 matter of putting the documents together. 11 Q Do you know what was going on in the UBS 12 litigation in August 2017? 13 A No. 14 Q Was -- did you receive any directions or 15 guidance as to why the policy was being purchased 16 at this particular point in time? 17 A No. 18 Q You were aware that the US -- UBS 19 litigation had been going on for several years at 20 this point? 21 A That was my colloquial understanding, yes, 22 that it had been. 23 Q But you weren't given any context as to 24 why this insurance policy was being -- why they 25 were just now receiving -- or getting an insurance
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1 policy? 2 A No, not that I recall. 3 Q Was there any urgency around doing this at 4 the time? 5 A No, I don't remember urgency one way or 6 the other, other than being timely with getting 7 tasks completed. I don't remember any sort of 8 urgency or exigency surrounding this. 9 Q Okay. You can put that aside. I'm going 10 to hand you what is -- 11 MS. SMITH: Need some water? 12 THE WITNESS: I'm good. Maybe. 13 BY MS. TOMKOWIAK: 14 Q I'm going to ask the court reporter to 15 mark that as Exhibit 55 and hand that to you. 16 (Deposition Exhibit 55 marked for 17 identification.) 18 BY MS. TOMKOWIAK: 19 Q Let me know when you're ready. 20 (Witness reviews document.) 21 A Okay. 22 BY MS. TOMKOWIAK: 23 Q So this is an e-mail from Katie Irving to 24 Helen Kim with a CC to you. Subject is Forward 25 Sentinel Reinsurance Proposed ATE Policy. The	161 1 A Yes. 2 Q -- it looks like Andrew Dean has signed 3 all three agreements -- 4 A Yeah. 5 Q -- the policy, the purchase agreement and 6 the board resolutions? 7 MS. SMITH: Objection, form. 8 BY MS. TOMKOWIAK: 9 Q Do you agree with that? 10 A I see -- I see that. 11 Q And to your recollection, Mr. Dean was a 12 director of Sentinel on August 10th, 2017? 13 A That's my recollection. 14 Q And he was authorized to sign these 15 documents? 16 MS. SMITH: Objection, form. 17 A I defer to what the resolutions say. I 18 don't want to take the view of Cayman law, but it 19 certainly looks like that. 20 BY MS. TOMKOWIAK: 21 Q You don't recall anybody saying that these 22 were invalid and we need to go get somebody else 23 to sign them? 24 A I don't recall that. 25 Q And then Christopher Watler, is that the
1 date is August 10th, 2017, and Ms. Irving writes: 2 Helen - request JD execution of the attached, 3 please, thank you. 4 Do you understand JD to be referring to 5 Mr. Dondero? 6 A Yes. 7 Q And was that Ms. Kim's role to get 8 Mr. Dondero to sign these documents? 9 MS. SMITH: Objection, form. 10 A I don't think it was her role per se. I 11 think in this case she was asked to. 12 BY MS. TOMKOWIAK: 13 Q The e-mail one down in the chain is from 14 Lesley Thompson to you. What was Lesley 15 Thompson's role with respect to Sentinel and this 16 policy specifically? 17 A I don't remember exactly what her function 18 was. I'd say a facilitator for the Maples side. 19 Q And Ms. Thompson writes: Hi JP. Please 20 find attached the Signed directors resolution 21 along with the signature pages for the ATE policy 22 and Purchase Agreement. 23 And then she attaches signature pages from 24 the Sentinel side. And if you turn to those last 25 few pages --	162 1 individual that we discussed earlier today that 2 you believed was a director of Sentinel? 3 A Yes. 4 Q Do you know when Mr. Dean became a 5 director of Sentinel? 6 A I don't remember the exact date. 7 Q Do you recall roughly? 8 A He may have been on from the beginning. I 9 believe -- but other than that -- other than that 10 recollection, I can't be more specific. 11 Q What about with respect to Mr. Watler? 12 A I think the same. 13 Q Do you know who chose the board of 14 directors of Sentinel? 15 A I don't. 16 Q If you look on the page with the Bates 17 ending 350. 18 A Yeah. 19 Q There's an e-mail from Ms. Thompson at 20 17:01. She writes to you and Ms. Irving and she 21 says in the second paragraph: Can you please 22 confirm that in the event of an adverse loss which 23 exceeds the existing assets equity of the company, 24 the shareholders will inject the necessary capital 25 in order for the company to meet its obligations

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1 and maintain its solvency.		1 BY MS. TOMKOWIAK:	
2 A Yes.		2 Q Did you ask him?	
3 Q Who are those shareholders that she's		3 A I don't recall asking him. I don't have	
4 referring to?		4 personal knowledge of what they discussed.	
5 MS. SMITH: Objection, form.		5 Q And so is it your understanding that if	
6 A I believe she was referring to		6 there was an adverse loss which exceeded the	
7 Mr. Ellington and Mr. Dondero.		7 existing assets of Sentinel, that Mr. Dondero and	
8 BY MS. TOMKOWIAK:		8 Mr. Ellington would put additional capital into	
9 Q You respond to her and you say: Lesley,		9 Sentinel in order for it to remain solvent and	
10 The shareholders have made a fundamental		10 meet its obligations?	
11 commitment, both fiscally and governance-wise, to		11 MS. SMITH: Objection, form.	
12 Sentinel Reinsurance for the long term, including		12 A I don't think that's what my response	
13 in the situation of an adverse loss.		13 commits to on their behalf. I think the -- no, I	
14 What did you mean by that?		14 don't think that's what my response conveys.	
15 A That the shareholders were committed to		15 BY MS. TOMKOWIAK:	
16 the -- committed to the company and committed to		16 Q So are you saying your response didn't	
17 seeing it succeed.		17 actually answer her question?	
18 Q By shareholders, were you referring to		18 A You'd have to ask her, but this is what I	
19 Mr. Dondero and Mr. Ellington?		19 was authorized to convey.	
20 A Yes.		20 Q So you -- did you ask Mr. Ellington if you	
21 Q How did you know that they had made this		21 were authorized to convey that he would, in fact,	
22 fundamental commitment?		22 provide additional capital to Sentinel in order	
23 A I had spoken to Mr. Ellington about		23 for it to meet its obligations and maintain its	
24 Ms. Thompson's inquiry and he had authorized me to		24 solvency?	
25 make this comment.		25 A My recollection is that that was a -- that	
	166		168
1 Q So after you received Ms. Thompson's		1 seemed to be a bit of an aggressive ask and	
2 e-mail, you reached out to Mr. Ellington?		2 unorthodox to ask of a shareholder. And so this	
3 A Yes. Although I had spoken to		3 response tried to convey comfort. That was the	
4 Ms. Thompson, she may have previewed this issue,		4 thrust of the communication between he and I	
5 so I may have spoken to him before she sent the		5 around this.	
6 e-mail, but I remember her conveying to me this		6 Q Did Mr. Ellington tell you that he would	
7 concept and me connecting with Mr. Ellington about		7 not, in fact, be willing to inject additional	
8 it.		8 necessary capital in order for Sentinel to meet	
9 Q Okay. And why was this an issue?		9 its obligations?	
10 A I didn't think it was an issue. I just		10 MS. SMITH: Objection, form.	
11 didn't want to speak out of school.		11 A We did not speak to that point, so I -- he	
12 Q When you spoke to Mr. Ellington about this		12 never told me that.	
13 inquiry, what did he say?		13 BY MS. TOMKOWIAK:	
14 A He authorized me to make this comment.		14 Q So did it seem to be a bit of an	
15 Q Were these his words?		15 aggressive ask from your perspective or from his?	
16 A Substantially. I may have formalized them		16 A I think from mine, certainly. You'll have	
17 a little bit, but he authorized me to convey that		17 to ask him how he thought of it.	
18 there was a commitment on his part and		18 Q And under the policy, an adverse loss	
19 Mr. Dondero's part to the company's long-term		19 would be a loss with respect to the UBS	
20 success.		20 litigation, right?	
21 Q Do you know whether Mr. Ellington spoke		21 MS. SMITH: Objection, form.	
22 with Mr. Dondero before he authorized you to		22 A I don't know if -- I think it's related to	
23 convey this commitment?		23 UBS, but I wouldn't say globally. I would say	
24 MS. SMITH: Objection, form.		24 more on a micro perspective from the ATE policy	
25 A I don't know.		25 perspective.	

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	169		171
1 BY MS. TOMKOWIAK:		1 A Generally.	
2 Q So a loss related to the New York State		2 Q Anywhere else that you would have possibly	
3 litigation that was covered by this policy?		3 pulled this from?	
4 A The topic of the policy or the -- yeah,		4 A I don't think so.	
5 the lawsuit referred to in the policy is how I		5 Q Would you have had like a specific folder	
6 would think about it.		6 about the UBS policy?	
7 Q And if we look at the schedule -- well,		7 A Most likely. E-mail folder.	
8 Schedule A is not in this document. Okay. Let's		8 Q I realize this is testing your memory, but	
9 look at the -- by the way, is -- do you have any		9 do you know what that folder would be called?	
10 understanding of whether Mr. Ellington or		10 A Oh, gosh. No, I don't remember.	
11 Mr. Dondero has still made that same commitment		11 Q Okay. Let's look at one more document and	
12 today?		12 then we'll take a look at the policy. So I'm	
13 MS. SMITH: Objection, form.		13 handing you what we are going to mark as	
14 A I haven't discussed any matters -- any		14 Exhibit 57.	
15 Sentinel matters with them on this topic. I don't		15 (Deposition Exhibit 57 marked for	
16 know.		16 identification.)	
17 MS. TOMKOWIAK: Okay. I am going to have		17 BY MS. TOMKOWIAK:	
18 the court reporter mark this next document as		18 Q Let me know when you're ready.	
19 Exhibit 56.		19 (Witness reviews document.)	
20 (Deposition Exhibit 56 marked for		20 A Okay.	
21 identification.)		21 BY MS. TOMKOWIAK:	
22 BY MS. TOMKOWIAK:		22 Q This is an e-mail from Mr. Leventon to	
23 Q Take a moment to review that and let me		23 Chris Dunn. Who is Chris Dunn?	
24 know when you're ready.		24 A The name rings a bell. I don't remember	
25 (Witness reviews document.)		25 what he did at Highland.	
	170		172
1 A Okay.		1 Q Was he in the legal department?	
2 BY MS. TOMKOWIAK:		2 A No.	
3 Q So this is an e-mail chain between you and		3 Q Was he in the -- do you remember what	
4 Mr. Leventon, dated October 25th, 2017. In the		4 department he was in?	
5 earlier e-mail chain, Mr. Leventon is asking you		5 A No.	
6 for a copy of the final executed insurance		6 Q And Mr. Leventon says: Please see	
7 agreement and then it looks like you provide him		7 attached. Please label all communications related	
8 with that in the attached. Do you agree this		8 to this project as Privileged as all documents are	
9 looks like a copy of the final executed insurance		9 being drafted at the request of the Legal Team.	
10 policy?		10 Do you know what project he's talking to?	
11 MS. SMITH: Objection, form.		11 MS. SMITH: Objection, form.	
12 A Doesn't look to be executed.		12 A I don't.	
13 BY MS. TOMKOWIAK:		13 BY MS. TOMKOWIAK:	
14 Q It doesn't?		14 Q This is the day after Mr. Leventon asked	
15 A No.		15 you to send him the policy in Exhibit 56. Does	
16 Q Well, there are signatures on the back.		16 Exhibit 57 help refresh your recollection at all	
17 A Oh, I'm sorry. Yes, there are. Yes.		17 as to why Mr. Leventon was asking you for the	
18 Q Okay. Do you know why Mr. Leventon was		18 policy on that day?	
19 asking you for a copy of the final insurance		19 A I don't recall the context.	
20 policy in October 2017?		20 MS. SMITH: Objection, form.	
21 A I really don't.		21 A I don't recall the context.	
22 Q Do you know where you would have pulled		22 BY MS. TOMKOWIAK:	
23 this document from?		23 Q Do you know what Mr. Leventon is referring	
24 A My e-mails.		24 to when he says documents are being drafted at the	
25 Q Is that where you stored your documents?		25 request of the legal team?	

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	173		175
1	MS. SMITH: Objection, form.	1	representative is Paul Lackey. Do you know who
2	A I don't.	2	decided that Mr. Lackey would be the appointed
3	BY MS. TOMKOWIAK:	3	representative.
4	Q At this point, October 2017, all of the	4	A No, I don't. I don't know. I don't
5	documents related to the ATE policy had already	5	remember who would have made that decision.
6	been drafted and signed, right?	6	Q Do you know what Mr. Lackey's role was
7	A I think that's true. Yeah.	7	with respect to the UBS litigation at this time?
8	Q Same answer with respect to the purchase	8	A I believe he was trial counsel for the
9	agreement?	9	insureds.
10	MS. SMITH: Objection, form.	10	Q Okay. And then the period of insurance
11	A From what I recall. From what I recall.	11	commences August 1st, 2017. Do you see that?
12	BY MS. TOMKOWIAK:	12	A Yes.
13	Q Would you consider yourself a member of	13	Q And the legal action, is this referring to
14	the legal team at this time?	14	the New York State action between UBS and Highland
15	A Yes.	15	that's listed here?
16	Q Did you make any request to Mr. Dunn or	16	A I don't know how that case is styled.
17	others, related to a project in October 2017	17	Q Did this policy relate to any other
18	regarding the UBS insurance policy?	18	litigation matter other than the litigation
19	A Not that I recall.	19	between UBS and Highland in New York State court?
20	Q If we look at the attachment, it's titled	20	A Not that I know of.
21	Legal Liability Insurance Policy. Is this the ATE	21	Q And then, in fact, it says here, Supreme
22	policy that we've been talking about today?	22	Court of the State of New York, County of
23	A I believe so, yes.	23	New York, right?
24	Q And if you turn to schedule -- the	24	A It does say that, yes.
25	schedule on the back, I believe it's Bates ending	25	Q And the opponent is UBS Securities LLC and
	174		176
1	3070.	1	UBS AG, London Branch?
2	A Yes.	2	A Yeah.
3	Q You testified earlier that you think you	3	Q And again, you don't know what was going
4	might have drafted this?	4	on in that litigation as of August 1st, 2017?
5	A I may have aggregated this information	5	A No.
6	into a schedule.	6	Q So the coverage here is US \$100 million in
7	Q Where would you have aggregated it from?	7	aggregate. Do you see that?
8	A Information I received from others working	8	A Yes.
9	on the litigation.	9	Q I know earlier we looked at some
10	Q Others working on the litigation or	10	presentations that mentioned a policy of
11	working on the policy or both?	11	90 million or 100 million. Do you know how it was
12	A Both.	12	determined that the coverage would be 100 million?
13	Q Do you remember anybody specifically	13	A I don't recall.
14	sending you information for this schedule?	14	Q Would you agree with me that this is the
15	A No, I don't remember -- I don't -- no, I	15	largest policy that Sentinel had written to date?
16	don't remember.	16	MS. SMITH: Objection, form.
17	Q Okay. And there are three Highland	17	A Yes. That's my understanding.
18	entities that are insured under this policy?	18	BY MS. TOMKOWIAK:
19	MS. SMITH: Objection, form.	19	Q In fact, it was significantly higher than
20	BY MS. TOMKOWIAK:	20	the D&O policy that it had written for the SAS
21	Q There's three funds that are listed as	21	entities, correct?
22	being insured, correct?	22	A Yes.
23	A I see the insureds, the three entities,	23	Q Do you see that the premium is
24	yes.	24	\$25 million?
25	Q Okay. And then the appointed	25	A Yes.

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	177		179
1 Q	Do you know how -- who set that figure?	1 BY MS. TOMKOWIAK:	
2 A	My recollection, it was a combination of input from the actuary, input from the administrator, input from outside counsel.	2 Q	Do you recall any discussions around that
3		3	in any of the meetings that you attended about
4		4	this policy?
5 Q	Did anybody from Highland have any input	5 A	I know it was discussed. I don't remember the -- who said what or the date of any given meeting, but I know it was a topic of discussion.
6	into that?	8 Q	And again, the point of this policy was to
7		9	cover the insureds with respect to legal liability
8 MS. SMITH:	Objection, form.	10	10 occurring from the UBS litigation, right?
9 A	I don't recall -- I don't recall others at Highland having input. No, I don't recall.	11 A	I'd refer to what the policy says as to what the -- what the point here was.
10 BY MS. TOMKOWIAK:		13 Q	Okay. Well, in Section 2.1, if you want
11 Q	Who decided on behalf of the insured	14	14 to take a look at that, it's on page Bates ended
12	entities, that \$25 million was a fair premium to	15	15 3056.
13	13 pay for this policy?	16 A	Yes.
14 MS. SMITH:	Objection, form.	17 Q	Okay. So the -- under Section 2.1. It
15 A	I guess it would have been a -- the result of the review of the different -- of the different Highland groups that reviewed this: Compliance, accounting, ultimately the -- Mr. Dondero.	18	18 says: The insurer -- that means Sentinel, right?
16 BY MS. TOMKOWIAK:		19 A	Yes.
20 Q	So within those groups, who, to your	20 Q	-- agrees to indemnify the insured as it's
21	recollement, would have reviewed this policy?	21	21 defined in the schedule in respect to any legal
22 A	The names I've been -- the names I've been mentioning throughout. I don't know who else	22	22 liability occurring during the period of insurance
23		23	23 up to and including but not exceeding the limit of
24	within those groups would have reviewed it. I	24	24 indemnity.
25	assume others. I don't have firsthand knowledge	25	And then they have two conditions there,
	178		180
1	of -- you know, other than Mr. Swadley and	1	provided that. Do you see that?
2	Mr. Patrick, for example, I don't know if their	2	A Yes.
3	colleagues reviewed it, but I would assume several	3	Q Okay. And the limit of indemnity that we
4	others at Highland would have reviewed more than I	4	just looked at was \$100 million, right?
5	have firsthand knowledge of.	5	A Yes.
6	Q And pursuant to the purchase agreement,	6	Q And if you go to Section 9.13, which is on
7	the assets that were being transferred from the --	7	7 page ended 3066. So this defines legal liability
8	pursuant to the purchase agreement were being	8	8 and I'm going to paraphrase, but as the aggregate
9	transferred to pay this premium, correct?	9	9 of the total sum awarded by the court in the legal
10 A	Right.	10	10 action or the aggregate of the total sum to be
11 Q	And is it your understanding that the	11	11 paid by the insured to the opponent pursuant to a
12	assets being transferred were worth \$25 million?	12	12 settlement of the legal action.
13 A	I didn't have -- I didn't have an	13 A	Okay.
14	independent view on the value. I know we had	14	Q So wouldn't you agree that the point of
15	the -- there were Highland valuations, but I had	15	15 this policy is to pay up to \$100 million in the
16	no valuation -- I made no valuation myself.	16	16 event that the insureds were ordered by the
17 Q	So you don't know if the assets, that were	17	17 New York State court to pay some judgment in the
18	transferred to Sentinel in exchange for the	18	18 New York State action or reached a settlement with
19	policy, were substantially more or less than	19	19 UBS in the New York State action?
20	\$25 million?	20	MS. SMITH: Objection to form. The
21 MS. SMITH:	Objection, form.	21	document speaks for itself.
22 A	I don't know the valuation methodology	22 A	Yeah, I would -- I would -- I can read it
23	relevant for insurance companies, so I don't have	23	out loud too. I would defer to what the document
24	an independent view of that.	24	says as to what it's supposed to mean.
25		25	

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<p style="text-align: right;">181</p> <p>1 BY MS. TOMKOWIAK: 2 Q So this is \$100 million insurance policy, 3 the first one that Sentinel ever wrote and you 4 worked on it, and you have no idea what the 5 purpose of the policy was other than what the 6 words say on the page? 7 MS. SMITH: Objection, form. 8 A I think that mischaracterizes what I said. 9 BY MS. TOMKOWIAK: 10 Q Well, then, what is the purpose of this 11 policy? 12 A For the insurer to indemnify the insured 13 in respect to any legal liability, et cetera, 14 et cetera. 15 Q Okay. And indemnify meaning pay up to 16 \$100 million if the insureds get a judgment 17 entered against it or settles with UBS in the 18 New York State court, right? 19 A Again, I'd defer to the language. I don't 20 want to summarize it and use some legal term of 21 art the wrong way. I think this speaks for 22 itself. 23 Q So if UBS won a \$1.2 billion judgment in 24 the New York State action, does this policy apply? 25 MS. SMITH: Objection, form.</p>	<p style="text-align: right;">183</p> <p>1 A I believe so. 2 Q Who would have done that? 3 A The valuation group. 4 Q Who is the valuation group? 5 A In 2017, I don't remember who was on the 6 valuation group, but I think it was a subset of 7 the accounting team. 8 Q Do you remember discussing with anybody in 9 the valuation group what the value was of the 10 assets that were being transferred for this 11 insurance policy? 12 MS. SMITH: Objection, form. 13 A I don't remember discussions to that 14 effect, other than knowing that they did -- they 15 did evaluate -- excuse me -- a valuation 16 methodology. I don't know exactly what that 17 methodology was. 18 BY MS. TOMKOWIAK: 19 Q And in the earlier settlement presentation 20 we looked at, it's suggested that these assets 21 were worth \$94 million. Is that consistent with 22 your recollection? 23 MS. SMITH: Objection, form. 24 A I don't remember what the date or the 25 timing of that was, so I don't want to commit to,</p>
<p style="text-align: right;">182</p> <p>1 A I'd refer to counsel as to the 2 applicability and what these words mean. These 3 words seem clear to me on their face, but, you 4 know, I can read them the same way. They seem -- 5 they speak for themselves. 6 BY MS. TOMKOWIAK: 7 Q Yeah, but -- so you were counsel to 8 Highland and I believe you testified earlier that 9 you did work for these funds and you certainly had 10 a role in this particular insurance policy. So 11 setting aside what the words say, what was your 12 understanding? Why did the funds get this policy? 13 A To insure against a loss in a lawsuit. 14 Q In a lawsuit against UBS? 15 A In the UBS lawsuit. 16 MS. SMITH: Objection, form. 17 BY MS. TOMKOWIAK: 18 Q Do you know whether there were any 19 endorsements to this policy? 20 A I have knowledge that there might have 21 been subsequently, but I don't have direct 22 recollection of them. 23 Q Okay. Would Highland have conducted its 24 own valuation of the assets prior to entering into 25 this policy?</p>	<p style="text-align: right;">184</p> <p>1 but I know there was a number -- I know there was 2 a number in time. I don't know what time you're 3 referring to, but... 4 BY MS. TOMKOWIAK: 5 Q Well, that settlement analysis was in 6 April 2019. 7 MS. SMITH: Objection, form. 8 A Okay. 9 BY MS. TOMKOWIAK: 10 Q So that was a few months before this 11 policy. 12 A Agreed. 13 Q But sitting here today, you don't recall 14 if these assets were worth approximately 15 \$94 million, at least as someone at Highland had 16 valued them? 17 A I know I saw that for April. I don't know 18 what it was in July, August, subsequent before 19 that. Yeah, I... 20 Q Could have gone up, could have gone down? 21 A I wouldn't know. 22 Q And that wouldn't be relevant to know 23 before you entered into this policy? 24 MS. SMITH: Objection, form. 25 A I guess I don't understand the question.</p>

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	185	187
1 BY MS. TOMKOWIAK:		1 that -- I remember her becoming a director at some point. I don't remember exactly when.
2 Q That's a double negative. Would that be	3	3 Q And this endorsement says that the premium
3 relevant to know before you entered into this	4	4 as stated in this schedule is adjusted to
4 policy?	5	5 \$68,362,333.62, to include the total fair value of
5 A I think that valuation methodology was an	6	6 received assets.
6 input. As to its relevance, that was outside of	7	7 Are you with me?
7 my -- the scope of my involvement.	8	8 A Yes.
8 MS. TOMKOWIAK: Okay. I'm going to ask	9	9 Q Okay. Do you know who would have
9 this to be marked as Exhibit 58.	10	10 calculated the total fair value of received
10 (Deposition Exhibit 58 marked for	11	11 assets?
11 identification.)	12	12 A No.
12 BY MS. TOMKOWIAK:		13 Q Do you know why that number would have --
13 Q Exhibit 58 is another version of the	14	14 do you know why that number would not have been
14 insurance policy that we've been looking at, but	15	15 calculated before you entered into -- the
15 it has two endorsements. So if you want to focus	16	16 premium into the policy?
16 on the Bates ended 27 and 28.	17	17 MS. SMITH: Objection, form.
17 A Okay.	18	18 A I don't know. I don't recall.
18 Q Are you familiar with either of these	19	19 BY MS. TOMKOWIAK:
19 endorsements?	20	20 Q Do you know whether that number is
20 MS. SMITH: Objection, form.	21	21 consistent with any valuation that anybody did
21 A Not directly.	22	22 before signing the insurance policy?
22 BY MS. TOMKOWIAK:		23 A No. I don't know. And I don't know the
23 Q Okay. Well, I think you testified that	24	24 timing of this either, so I -- no.
24 you thought there were endorsements to the policy.	25	25 Q Well, it has to come after the insurance
25 Do you have any -- are these the endorsements that		
186		188
1 you thought you recalled?	1	1 policy because it's an endorsement, right?
2 A Yes. I came to know that there was a	2	2 A Yes.
3 question about endorsements. I didn't work on it,	3	3 Q And then this further breaks down the
4 so I -- these don't seem particularly -- I don't	4	4 premium into cash, miscellaneous receivables. Do
5 have a direct recollection of these. I kind of	5	5 you know what the miscellaneous receivables are?
6 anecdotally knew that there had been these	6	6 A No.
7 endorsements.	7	7 Q And an investment portfolio, and it
8 Q Do you know when these endorsements were	8	8 provides a number of \$55,525,457.88 as measured at
9 entered into?	9	9 fair value on the transfer date. Do you know what
10 A I don't.	10	10 the transfer date would be?
11 Q Let's take a look at the first one. The	11	11 A August of some -- August of 2017 at some
12 first one is -- again, it's not dated and it's	12	12 point is what I would think as the transfer date.
13 signed by Lesley Thompson, director. Do you know	13	13 Q Do you know why the estimate of
14 when Ms. Thompson became a -- well, do you know	14	14 \$94 million that we saw in April 2019 has gone
15 whether Ms. Thompson was ever a director of	15	15 down to 68 million?
16 Sentinel?	16	16 A I don't.
17 A I guess she elevated to a director at some	17	17 Q And then it says here that all other terms
18 point from whatever she was before. I don't	18	18 and conditions remain unchanged?
19 recall when that would've been.	19	19 A Yes.
20 Q You don't know when that took place?	20	20 Q So is it your understanding that the
21 A No.	21	21 amount of coverage would remain the same?
22 Q And are you basing that assumption on	22	22 A I don't want to interpret a Cayman Islands
23 anything besides the fact that it's stamped	23	23 insurance document. It speaks for itself.
24 director here?	24	24 Q You would agree that one term of the
25 A That -- seeing that stamp recollects	25	25 insurance policy is the indemnity limit, correct?

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	189		191
1 A Yes.		1 Q Yeah, an additional \$9 million are being	
2 Q So why would the premium increase by		2 prepaid by the insured to the insurer. Is that on	
3 150 percent but the amount of coverage would		3 top of the money assets that were already	
4 remain the same?		4 transferred to Sentinel?	
5 MS. SMITH: Objection, form.		5 A I don't know.	
6 A I don't know.		6 Q You don't know. If that was an additional	
7 BY MS. TOMKOWIAK:		7 \$9 million, is there any reason why the amount of	
8 Q Does that seem reasonable to you?		8 liability or the amount of coverage would be	
9 MS. SMITH: Objection, form.		9 lowered?	
10 A I don't have a view as to what the		10 MS. SMITH: Objection, form.	
11 auditors or anyone else -- what conclusions they		11 A I don't have a view on this. I'm not	
12 came to. I wouldn't know.		12 familiar with it.	
13 BY MS. TOMKOWIAK:		13 BY MS. TOMKOWIAK:	
14 Q Was there any other insurance policy that		14 Q Okay. So you're not -- looking at	
15 you were aware of, where Sentinel had agreed to		15 Endorsement No. 1, looking at Endorsement No. 2,	
16 provide an amount of coverage for a premium		16 you have no idea, you were not involved at all in	
17 consisting of over two-thirds of the amount of		17 these endorsements and you don't understand the	
18 coverage?		18 context behind either of them?	
19 A I'm sorry, can you repeat that?		19 A I don't recall being involved in this. I	
20 Q Are you aware of any other policy that was		20 don't know what the dates were, so I -- I can't	
21 issued by Sentinel, where the premium was over		21 speak to them with any authority.	
22 two-thirds of the coverage amount?		22 Q Would the same valuation team have come up	
23 A Not that I recall.		23 with the \$68 million total fair value here?	
24 Q Do you know why the insured didn't sign		24 MS. SMITH: Objection to form.	
25 this endorsement?		25 A I don't know. I don't know.	
	190		192
1 A I don't.		1 BY MS. TOMKOWIAK:	
2 Q If you look at the second endorsement,		2 Q Okay. So you don't know who calculated	
3 Endorsement No. 2. This is also undated and I		3 that as the total fair value?	
4 take it you don't know when this was signed		4 A I don't.	
5 either?		5 Q And you don't recall anybody having any	
6 A I don't.		6 discussions around increasing the premium or	
7 Q Okay. And it looks like this is also		7 decreasing the premium at any point after the	
8 signed by Lesley Thompson, but she's not listed as		8 policy was signed?	
9 a director. Do you know if Ms. Thompson ceased		9 A Not that I recall being a part of.	
10 being a director at some point in time?		10 Q And you don't recall being part of any	
11 A I don't recall.		11 discussions in which the amount of coverage was	
12 Q And then in this endorsement, the premium		12 being adjusted after the policy was signed?	
13 has been further reduced to 59,362,333.62;		13 A Not that I remember, no.	
14 9 million has been prepaid by the insured to the		14 Q Okay. So after the policy and the	
15 insurer and then the limit of indemnity is reduced		15 purchase agreement were signed, did you have any	
16 to 91 million. Is that a fair reading of this		16 involvement with Sentinel going forward?	
17 endorsement?		17 A It became minimal. Not a lot of	
18 MS. SMITH: Objection as to form.		18 involvement.	
19 A It says what it says.		19 Q Do you know why?	
20 BY MS. TOMKOWIAK:		20 A I started focusing on other matters.	
21 Q So you don't have an understanding one way		21 Q Are you aware that there was a trial in	
22 or the other if this reflects that the insureds		22 the UBS litigation?	
23 are paying an additional \$9 million to Sentinel?		23 A I'm sorry, when?	
24 A Sorry, say that last part, the insureds		24 Q Pardon me?	
25 are paying an additional --		25 A When?	

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	193		195
1	Q	Are you aware there was a trial in 2018 in	1 that?
2		the UBS litigation?	2 A I don't. I came to know it anecdotally
3	A	Am I aware of that today or was I aware of	3 and I can't pinpoint as to when that may have
4		that then?	4 been.
5	Q	Well, were you aware of it at the time?	5 Q Not even as before or after you left
6	A	No.	6 Highland?
7	Q	When did you become aware of it?	7 A I honestly don't know what date the
8	A	In the past several months.	8 actual -- when this was in 2020. No, I can't
9	Q	Was it before you left Highland?	9 pinpoint it. I don't know. I certainly came to
10	A	I think it would've been during the	10 know it, though.
11		pendency of Highland's bankruptcy, I probably	11 Q Before you left Highland, was there any --
12		would've learned more about the UBS matter, just	12 to your knowledge, was there any claim made on
13		because it was front and center in the Highland	13 this insurance policy?
14		bankruptcy. I don't recall knowing that at the	14 A Before I left Highland?
15		time.	15 Q Uh-huh.
16	Q	Okay. So you don't recall knowing at the	16 A Was there a claim -- I don't know.
17		time that there was a trial that could potentially	17 MS. TOMKOWIAK: I've been told we need to
18		generate an adverse loss that would trigger	18 switch tapes again.
19		coverage under this policy?	19 THE VIDEOGRAPHER: This ends disk 2. The
20	MS. SMITH:	Objection, form.	20 time is 2:46 p.m. We are off the record.
21	A	I knew at a high level that that was in	21 (Recess taken from 2:46 p.m. CDT to
22		the works. I didn't know anything about the	22 3:00 p.m. CDT)
23		timing or anything about that.	23 THE VIDEOGRAPHER: Here begins disk No. 3
24	BY MS. TOMKOWIAK:		24 in the deposition of Jean Paul Sevilla. The time
25	Q	What do you mean that you knew that it was	25 is 3 p.m. We are back on the record.
	194		196
1		in the works?	1 BY MS. TOMKOWIAK:
2	A	I knew there was a lawsuit referred to in	2 Q Okay. Mr. Sevilla, so if you go back to
3		the policy, so I knew there was some sort of	3 the schedule of the insurance policy that we've
4		litigation progressing. I didn't know where it	4 been looking at.
5		was at any given moment, is my point.	5 A Yes.
6	Q	And you had no role in the trial?	6 Q So for the first insured Highland CDO
7	A	No.	7 Opportunity Master Fund LP, who negotiated this
8	Q	Are you aware, sitting here today, that a	8 insurance agreement on behalf of that entity?
9		judgment in UBS's favor was entered in the first	9 A Highland.
10		quarter of 2020?	10 Q Who with Highland? Who at Highland?
11	A	I have heard that.	11 A I don't know if I can point to an
12	Q	Do you recall when you heard that?	12 individual, but I would consider Highland as
13	A	No.	13 authorizing that entity intent to enter into the
14	Q	Was it while you were still employed at	14 policy.
15		Highland?	15 Q Well, did Mr. Dondero have a role?
16	MS. SMITH:	Objection.	16 A I think he signed the -- he signed the
17		If this has anything to do with	17 policy.
18		conversations with your counsel, then it's	18 Q I see that he signed it, but did he have a
19		privileged.	19 role negotiating the policy for Highland CDO
20	BY MS. TOMKOWIAK:		20 Opportunity Master Fund?
21	Q	Yeah, I agree. I'm not interested in your	21 A I'm not sure what negotiation there was.
22		conversations with your counsel. But outside of	22 I don't know.
23		those conversations, and I don't want to know	23 Q Was there any negotiation?
24		specifics, but do you recall when -- not from who	24 A I don't know. I don't know what the level
25		or the substance, do you recall when you heard	25 of negotiation was.

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	197	1 Q What about Mr. Ellington? Would he have 2 had a role? 3 A I'm not sure. 4 Q Okay. So you just have no clue who 5 negotiated this agreement on behalf of Highland 6 CDO Opportunity Master Fund? 7 A I don't know if there were discussions 8 that I'm not privy to, so I don't know. 9 Q Okay. Yeah, you only know what you know, 10 but you don't know? 11 A Correct. 12 Q Same question with respect to Highland CDO 13 Holding Company. Do you know who negotiated this 14 policy on their behalf? 15 A It would be the same answer, Highland. 16 Q But you don't know who at Highland? 17 A I can't point to a single person, no. 18 Q You have no idea? 19 A I don't know. 20 Q And what about with respect to Highland 21 Special Opportunities Holding Company? Who 22 negotiated this policy on its behalf? 23 A Same answer. 24 Q And just for the record, the same answer 25 meaning, you don't know?	199
	198	1 A I believe Highland negotiated on their 2 behalf. 3 Q But you don't know who at Highland? 4 A I don't. 5 Q What about Sentinel Reinsurance? Do you 6 know who specifically negotiated this policy on 7 its behalf? 8 A Same answer. I don't know. Sentinel on 9 its behalf. 10 Q But you don't know the specific 11 individuals? 12 A No. 13 Q You said you can't point to a single 14 person. Is there a combination of persons you can 15 point to? 16 A I can't identify names, if that's the 17 question. 18 Q I guess the question is, can you be any 19 more specific than Highland? 20 A I don't think so. 21 Q Are you aware that in November 2019, the 22 judge in the New York State court issued a 23 judgment in Phase 1 of the trial with UBS? 24 A No. 25 Q So at the time you don't recall hearing	200
		1 A If you're representing that that's what 2 happened, I don't know. 3 MS. SMITH: Objection. 4 BY MS. TOMKOWIAK: 5 Q Oh, no, you weren't -- yeah, you were not 6 part of any settlement negotiations or discussions 7 in the late 2019-2020 time period? 8 A No. 9 Q And were you aware that any such 10 settlement discussions were occurring? 11 A No. 12 Q Did you hear that there was roughly a 13 \$1 billion judgment? 14 MS. SMITH: Objection, form. 15 A When? Sorry, this feels like a question 16 I've already -- but I came to know it at some 17 point. 18 BY MS. TOMKOWIAK: 19 Q But at some point you came to know it, 20 right? 21 A Yeah. 22 Q And I -- a few months ago? Five month 23 ago? Six months ago? Before you left Highland? 24 A It wasn't in real time. I can't point to 25 when I came to know it. But as I sit here today,	

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	201		203
1 that sounds familiar to me and it sounds like I		1 Q Correct.	
2 have heard that. I can't point to when I learned		2 A I don't recall.	
3 it. I don't know.		3 Q Do you recall if you were aware of it	
4 Q Whenever you came to learn it, did you say		4 after the -- sorry, after the board was put in	
5 to anybody, hey, there's an insurance policy that		5 place?	
6 could help pay that judgment?		6 MS. SMITH: Objection to form.	
7 A I did not say that.		7 A Again, I can't point to a date. I can't	
8 Q Why not?		8 point to it.	
9 A Nobody asked me and it was outside of -- I		9 BY MS. TOMKOWIAK:	
10 don't know. I just -- I don't know.		10 Q And when you -- you said you thought of	
11 Q Well, did you think of the insurance		11 it, did you discuss it with anybody?	
12 policy when you heard that there was a \$1 billion		12 A No, I did not.	
13 judgment in UBS's favor?		13 Q Well, if you knew that there was	
14 A Did I think of it?		14 \$100 million in coverage available for this	
15 Q Yeah.		15 \$1 billion judgment, why wouldn't you raise that	
16 A I'm sure I did.		16 with somebody?	
17 Q Did you raise it with anybody at the time?		17 MS. SMITH: Objection to form.	
18 A No.		18 A It's not something I worked on. Others	
19 MS. SMITH: Objection to form.		19 were working on those matters. I had my own job	
20 A No.		20 to worry about, my own tasks.	
21 BY MS. TOMKOWIAK:		21 BY MS. TOMKOWIAK:	
22 Q After Highland declared bankruptcy, what		22 Q Well, you worked on the policy, right?	
23 was your role?		23 A When?	
24 MS. SMITH: Objection to form.		24 Q In 2017.	
25 A I was largely focused on the private		25 A Yes.	
	202		204
1 equity business at that point.		1 Q Okay. But by 2019, '20, is it your	
2 BY MS. TOMKOWIAK:		2 testimony that that was somebody else's job?	
3 Q And in that role, did you understand that		3 MS. SMITH: Objection to form.	
4 after the bankruptcy that you were -- that you		4 A No. My job was what I was working on at	
5 reported to the indirect -- sorry, the independent		5 the time, which was largely trying to turn the	
6 board of the Highland then debtor?		6 portfolio companies around. Other people did	
7 MS. SMITH: Objection to form.		7 their jobs.	
8 A Can you repeat that?		8 BY MS. TOMKOWIAK:	
9 BY MS. TOMKOWIAK:		9 Q Did anybody ever tell you to disclose this	
10 Q Yeah. So after Highland filed for		10 policy to UBS?	
11 bankruptcy, did you understand that Highland was		11 A Did anyone ever tell me that? No.	
12 being managed by an independent board of		12 Q Did anybody ever tell you not to disclose	
13 directors?		13 the existence of this policy to UBS?	
14 A I think there was a gap between when		14 A No.	
15 Highland filed and the board came in.		15 Q Did anybody ever tell you not to disclose	
16 Q Do you recall when the board came in?		16 the existence of this policy to any of the	
17 A Beginning of 2020. I can't point to the		17 independent directors?	
18 date, but sometime in early -- very early 2020.		18 A Nobody ever told me that.	
19 Q Okay. So between when Highland filed for		19 Q Did you ever disclose this policy to any	
20 bankruptcy and the independent board came in, do		20 of the independent directors?	
21 you recall being aware in that time period of the		21 A No.	
22 \$1 billion judgment against Highland in UBS's		22 Q Why not?	
23 favor?		23 A It wasn't my job. I was never asked and I	
24 A Sorry, between when Highland filed and		24 had plenty of other things to do that were within	
25 when the board came in?		25 my lane.	

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	205		207
1	Q Did you ever discuss the -- disclose the	1	vendors in connection with their representation of
2	existence of this policy to any of the outside	2	the insureds in the UBS litigation?
3	counsel that was representing Highland or the	3	MS. SMITH: Objection to form.
4	independent board?	4	A And during what time frame?
5	A I did not.	5	BY MS. TOMKOWIAK:
6	Q Did anybody ever instruct you not to do	6	Q Between 2017 and 2020.
7	that?	7	A I think over the course of '17, I recall
8	A No.	8	there being expenses that I passed through to the
9	Q Before you left Highland, do you recall	9	Sentinel board and the administrator. I don't
10	Mr. Ellington ever raising this policy again?	10	remember what the expenses were or the size, but I
11	MS. SMITH: Objection to form.	11	I remember them -- I remember being told that they
12	BY MS. TOMKOWIAK:	12	were related to the litigation. But after that,
13	Q Let me rephrase that. After -- at any	13	no, I don't recall. After 2017, I don't recall
14	point in time after you learned that UBS had	14	that workflow or being asked to do that.
15	obtained a \$1 billion judgment, do you recall	15	Q And other than your lawyers sitting here
16	Mr. Ellington raising the ATE policy?	16	today, have you ever spoken with anybody on this
17	A No.	17	planet about this policy since you heard about the
18	Q Do you recall anybody else raising it?	18	\$1 billion judgment in UBS's favor?
19	A No.	19	MS. SMITH: Objection to form.
20	Q Do you recall receiving any communications	20	A Since I came to learn of the
21	from Sentinel or any of its auditors following the	21	billion-dollar judgment and what, and now?
22	judgment?	22	BY MS. TOMKOWIAK:
23	A No.	23	Q Uh-huh.
24	Q Did you think that it was strange that	24	A And now?
25	nobody had made a claim on the policy?	25	Q Yeah.
	206		208
1	MS. SMITH: Objection to form.	1	A Have I spoken about the policy to anyone
2	A I didn't have an opinion one way or the	2	other than my lawyers?
3	other. I was focused on my job.	3	Q Correct. Other than to your lawyers who
4	BY MS. TOMKOWIAK:	4	are representing you in your personal --
5	Q At this point in time, did you know	5	A Yeah, I get it. No, not that I can
6	whether any part of that policy had been written	6	recall.
7	down or used to pay other costs in connection with	7	Q So you thought about it, but you didn't
8	the UBS litigation?	8	discuss it with anyone?
9	MS. SMITH: Objection to form.	9	MS. SMITH: Objection to form.
10	A Can you ask -- sorry, can you ask that	10	A Yeah. I guess, I -- I made the connection
11	again?	11	briefly but, no, I didn't bring it up to anyone
12	BY MS. TOMKOWIAK:	12	and I didn't -- no, I didn't talk about it with
13	Q Sure. Were you aware if the -- was there	13	anyone.
14	still \$100 million in coverage left on the policy	14	BY MS. TOMKOWIAK:
15	in 2020, or do you know whether part of that had	15	Q I'm handing you what has been marked
16	been used to pay for other costs that were covered	16	previously in this case as Exhibit 2.
17	by the policy?	17	A Okay.
18	A I don't have -- sorry, I don't have direct	18	Q Exhibit 2 is the seven-page document
19	knowledge as to what had -- what, if anything, had	19	titled Purchase Agreement, dated August 7, 2017.
20	been -- you said paid for legal -- for legal	20	Is this the purchase agreement that we've been
21	expenses.	21	referring to today?
22	Q Did you have any role in paying outside	22	A I believe so.
23	counsel or other vendors -- let me rephrase that.	23	Q And I think you said, and I just wanted to
24	Did you have any role in facilitating	24	clarify, that you might have drafted this and then
25	payment from Sentinel to outside counsel or other	25	provided it to outside counsel for review; is that

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1 right? 2 A So I worked on this Schedule A, 3 transferring it into Word form. And I recall 4 working on the purchase agreement with outside 5 counsel -- I believe I -- I worked on it 6 initially, sent it to outside counsel just from a 7 form and they added to it. It's pretty -- it's 8 pretty short. 9 Q From a form -- was this a Highland form? 10 A I don't recall. I don't recall if it was 11 a Highland form. 12 Q Do you recall who asked you to put an 13 initial draft of this together? 14 A Again, I don't -- I don't recall who 15 asked. It was sort of on the list of things that 16 needed to be done. I don't recall who asked. 17 Q If you look at Section 1, it says 18 Purchaser, and that is Sentinel, agrees to accept 19 the assets listed in Schedule A hereto as 20 100 percent payment of the premium. 21 And then it goes on to say, skipping a 22 clause, that: with the explicit undertaking that 23 if anything of value is received by the Sellers, 24 such cash or other item of value shall be held in 25 trust for the Purchaser and promptly remitted	209	1 BY MS. TOMKOWIAK: 2 Q Okay. The purchaser is Sentinel 3 Reinsurance, right? 4 A Yes. 5 Q We're in the first paragraph or the 6 preamble. And then the sellers are Highland CDO 7 Opportunity Master Fund, Highland CDO Holding 8 Company and Highland Special Opportunities Holding 9 Company, right? 10 A Yes. 11 Q And these sellers are the same three 12 entities that are the insureds under the policy? 13 MS. SMITH: Objection to form. 14 A I'd have to -- 15 BY MS. TOMKOWIAK: 16 Q You can take a look at the -- if you want 17 to compare, match them up. 18 A Yeah. Yes, they are the same. 19 Q If you'd turn to Schedule A. So the 20 assets listed in Schedule A are what the purchaser 21 Sentinel has agreed to accept as payment for the 22 premium, right? 23 MS. SMITH: Objection to form. 24 A It's whatever the document says. 25	211
1 thereto. 2 And then you define that as the 3 transferred interest. Do you see that? 4 A I see that. 5 Q Is that meant to say that if the sellers 6 receive anything of value not listed in 7 Schedule A, that they commit to remitting those 8 interests to Sentinel as well? 9 MS. SMITH: Objection to form. 10 BY MS. TOMKOWIAK: 11 Q A simpler question would be, what did you 12 mean by that? 13 MS. SMITH: Objection to form. 14 A I don't recall exactly. I don't know if 15 outside counsel drafted the -- what is it, the 16 explicit undertaking. My view would be that 17 anything deriving from the assets in Schedule A, 18 but I -- that's my understanding. 19 BY MS. TOMKOWIAK: 20 Q What would that be? Like cash 21 distributions? Do you have any understanding of 22 that? 23 MS. SMITH: Objection to form. 24 A Not particularly. I don't really recall. 25	210	1 BY MS. TOMKOWIAK: 2 Q Right. That's what the document says. 3 That's what we just read: The Purchaser agrees to 4 accept the assets listed in Schedule A hereto as 5 100 percent payment of the Premium. 6 A Okay. 7 Q Okay. And there's six different entities 8 listed here, right? 9 A Yes. 10 Q Why are entities -- you agree with me that 11 at least three of these entities are not covered 12 insureds under the insurance policy, right? 13 MS. SMITH: Objection, form. 14 A I don't know if that's true or not. I 15 can't agree with that. 16 BY MS. TOMKOWIAK: 17 Q Well, Highland CDO Opportunity Master 18 Fund, that's an insured under the policy, right? 19 A Yes. 20 Q Okay. And Highland CDO Opportunity Fund, 21 is that an insured under the policy? 22 A I don't know. I don't know how these 23 entities are related to each other or whether -- 24 the answer is I don't know if they're an insured 25 or not.	212

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<p>1 Q Well, I mean, the insurance policy that 2 you worked on lists three companies that are 3 insured, right, three I should say entities, three 4 funds?</p> <p>5 A I agree that there are three entities 6 listed as insured.</p> <p>7 Q Okay. So are you saying that there might 8 have been other entities that were insured under 9 the policy that weren't listed in the schedule to 10 the policy?</p> <p>11 A I'm saying I'm not certain as to how these 12 entities are related to own each other or not such 13 that they are insureds as well. I don't know if 14 that's a matter of insurance law or what. I just 15 don't want to represent to that because I'm not 16 certain.</p> <p>17 QOkay. And you don't know why entities 18 that don't appear to be insureds would be 19 transferring assets to pay a premium on a policy 20 that they're not insured under?</p> <p>21 A Again, I know they're related to each 22 other in some way. I don't know how and I don't 23 know what the structure chart looks like, so I 24 can't speak to that.</p> <p>25 Q But for purposes of paying the premium on</p>	<p>213</p> <p>1 premium. That's where I would -- that's how I 2 would say it.</p> <p>3 BY MS. TOMKOWIAK:</p> <p>4 Q Where did the list of assets on the 5 schedule come from?</p> <p>6 A The accounting team.</p> <p>7 Q And the assets that are listed under 8 Highland -- I'm sorry, who on the accounting team? 9 Is that Mr. Stoops that would have provided this?</p> <p>10 A Mr. Stoops or one of his colleagues. I 11 don't know exactly who.</p> <p>12 Q And Highland CDO Opportunity Master Fund, 13 is this all of the assets at that fund in 14 August 2017?</p> <p>15 A I don't know for certain.</p> <p>16 Q So you don't know one way or the other if 17 this is a complete list of all of the assets at 18 Highland CDO Opportunity Master Fund in 19 August 2017?</p> <p>20 A Yeah, I -- I can't represent to the 21 accuracy of this. It's something I received from 22 another team at Highland. I didn't check line by 23 line and tick-and-tie them.</p> <p>24 Q Was the intent that all of the assets of 25 each of these entities would be used to pay the</p>
<p>1 the policy, all of these entities commingled their 2 assets together and that's what was used to pay 3 the premium?</p> <p>4 MS. SMITH: Objection to form.</p> <p>5 A I'm not going to opine on the commingled 6 part. The purchase agreement says what it says.</p> <p>7 These are the assets in Schedule A.</p> <p>8 BY MS. TOMKOWIAK:</p> <p>9 Q That will be used to pay the premium on 10 the insurance policy?</p> <p>11 A That's what the -- yes, the policy says.</p> <p>12 Q Who negotiated the purchase agreement on 13 behalf of Sentinel?</p> <p>14 A Sentinel.</p> <p>15 Q Who at Sentinel?</p> <p>16 A I can't point to a specific advisor or 17 outside counsel.</p> <p>18 Q If your issue is with my word commingled, 19 would you agree with me that all of these entities 20 pooled their assets to pay the premium on the 21 insurance policy?</p> <p>22 MS. SMITH: Objection to form.</p> <p>23 A I wouldn't editorialize it one way or 24 another. The schedule is what it says and the 25 schedule is a list of assets used to pay for a</p>	<p>214</p> <p>1 premium on the insurance policy?</p> <p>2 A That was the intent.</p> <p>3 Q So when you say you don't know, you mean 4 you just don't know if something was inadvertently 5 left off, but if -- the intent was that all of the 6 assets of each of the entities listed on 7 Schedule A were supposed to be transferred to 8 Sentinel to pay the premium on the insurance 9 policy?</p> <p>10 MS. SMITH: Objection to form.</p> <p>11 A I just don't want to represent to the 12 accuracy of this just -- because I haven't done 13 the work to tick-and-tie. But you have my answer 14 as to the intent.</p> <p>15 BY MS. TOMKOWIAK:</p> <p>16 Q So to your knowledge, after the transfers 17 were made pursuant to this purchase agreement, the 18 entities listed on Schedule A had no assets left?</p> <p>19 A Again, I can't -- I don't know personally 20 whether that's the case or not. I never checked. 21 I never did that.</p> <p>22 Q But that was the intent?</p> <p>23 MS. SMITH: Objection to form.</p> <p>24 A The intent was for the assets on this 25 schedule provided to me to be transferred.</p>

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	217		219
1 BY MS. TOMKOWIAK:		1 A I think that's probably true.	
2 Q Would you say this transaction was in the		2 BY MS. TOMKOWIAK:	
3 ordinary course of business?		3 Q You know that's true, or you just believe	
4 MS. SMITH: Objection to form.		4 that to be the case?	
5 A Whose ordinary course of business?		5 A I believe at the time that was true.	
6 BY MS. TOMKOWIAK:		6 Q Why do you believe that?	
7 Q Highland's.		7 A Because they provided the schedule.	
8 A I don't think I would say one way or the		8 Q Would they have needed somebody else's	
9 other.		9 approval to do that before sending you the	
10 Q Well, was it common to transfer all of the		10 schedule?	
11 assets out of multiple funds on one day to another		11 MS. SMITH: Objection to form.	
12 entity?		12 A I don't know.	
13 MS. SMITH: Objection to form.		13 BY MS. TOMKOWIAK:	
14 A Again, I can't speak to what's common or		14 Q Did the accounting team have any questions	
15 not. I'm just -- I'm not able to speak to what's		15 about why they were providing this to you?	
16 common or not.		16 A Not that they asked me, no.	
17 BY MS. TOMKOWIAK:		17 Q Do you know whether there were multiple	
18 Q Can you recall working on another transfer		18 versions of this schedule?	
19 of assets of this scope or magnitude in the time		19 A I don't recall.	
20 that you worked at Highland?		20 Q Do you know whether the list of assets	
21 A I mean, when you have a fund launch,		21 that were to be transferred were changed or	
22 you're selling securities into the market and it's		22 adjusted at any time before this was finalized?	
23 at a high -- it's at a high volume, a high level.		23 A Not that -- no, not that I recall.	
24 I can't say -- this is the only policy -- ATE		24 Q Anything about these assets that made them	
25 policy I worked on while I was at Highland.		25 particularly illiquid?	
	218		220
1 Q And who directed the accounting team to		1 MS. SMITH: Objection to form.	
2 provide this list of assets?		2 A Not that I have direct knowledge of. That	
3 MS. SMITH: Objection to form.		3 would have been a valuation question, valuation	
4 A I'm not sure.		4 team question.	
5 BY MS. TOMKOWIAK:		5 BY MS. TOMKOWIAK:	
6 Q It wasn't you?		6 Q Was it your understanding that these	
7 MS. SMITH: Objection to form.		7 assets were being transferred to Sentinel so that	
8 A Initially, no. No, it wasn't -- no, it		8 Sentinel could turn them into cash?	
9 wasn't.		9 MS. SMITH: Objection to form.	
10 BY MS. TOMKOWIAK:		10 A I don't remember being told that.	
11 Q What do you mean by initially?		11 BY MS. TOMKOWIAK:	
12 A I'm sure I asked for a schedule, but I		12 Q Do you remember telling anybody that?	
13 distinguish that from directing the accounting		13 A I don't recall telling anyone that either.	
14 team to send me information. I don't know who		14 Q On the face of this schedule, are you able	
15 originally -- I don't know where the directive		15 to tell what the fair value is of these assets?	
16 came from originally.		16 A I am not.	
17 Q But there was a directive originally?		17 MS. TOMKOWIAK: I'm going to ask the court	
18 A I know the policy contemplated the		18 reporter to mark this next document as Exhibit 59.	
19 schedule of assets. How it came to be that that		19 BY MS. TOMKOWIAK:	
20 asset group was identified, I'm not certain.		20 Q It printed out a little bit small, so --	
21 Q So when you reached out to the accounting		21 and let me know if there's something that you	
22 team to give this to you, they had already been		22 cannot read when you see it.	
23 given guidance from somebody else on what that		23 (Deposition Exhibit 59 marked for	
24 list needed to include?		24 identification.)	
25 MS. SMITH: Objection to form.		25	

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1	BY MS. TOMKOWIAK:	1	being done at your direction or at somebody else's
2	Q Take a few minutes to study it and let me	2	direction?
3	know when you're ready.	3	MS. SMITH: Objection to form.
4	(Witness reviews document.)	4	A This would not have been done at my
5	A Okay.	5	direction.
6	BY MS. TOMKOWIAK:	6	BY MS. TOMKOWIAK:
7	Q So Exhibit 59 is an e-mail and an	7	Q Do you know why Mr. Stoops is asking
8	attachment. The attachment is also a native file,	8	Mr. Ringheimer to send the information to you and
9	so that's why, like the other attachment that we	9	Mr. Leventon?
10	looked at, it doesn't have a Bates stamp on it.	10	MS. SMITH: Objection to form.
11	The top e-mail is from Carter Chism to Vishal	11	A I don't know who directed him to do it.
12	Patel, and it's dated August 11th, 2017. And if	12	BY MS. TOMKOWIAK:
13	you go back earlier in time in the chain, the very	13	Q Okay. And then at the bottom of that
14	first e-mail is from Mr. Stoops to Mr. Ringheimer,	14	first e-mail from Mr. Stoops where he says: JP,
15	yourself and other individuals. And here	15	Isaac, Please forward custodial admin details from
16	Mr. Stoops is asking Mr. Ringheimer to send	16	the counterparty at your earliest convenience, as
17	custodial admin details for the following entities	17	we will need to share those with BNY to settle the
18	to JP Sevilla and Isaac copied. And then he lists	18	trades.
19	the entities that are on Schedule A at that	19	Do you know who the counterparty is that
20	purchase agreement.	20	he's referring to?
21	MS. SMITH: Sarah, is this attachment the	21	A I believe it would be Sentinel.
22	attachment to the top e-mail, Carter to Vishal	22	Q And above that he says that he has
23	Patel?	23	included the feeder funds for CDO fund on here
24	MS. TOMKOWIAK: Yes.	24	just in case there is also cash held at these
25	MS. SMITH: And is this the complete	25	entities.
	222		224
1	attachment?	1	So was the idea here to -- that any cash
2	MS. TOMKOWIAK: That's my understanding.	2	that was held at any of these entities should be
3	Is that right? Yes.	3	included as part of the assets that were
4	BY MS. TOMKOWIAK:	4	transferred to Sentinel in exchange for the
5	Q So do you recall asking Mr. Stoops to send	5	insurance policy?
6	you custodial admin details for these entities?	6	MS. SMITH: Objection to form.
7	A Do I recall asking Mr. Stoops that?	7	A I don't recall that.
8	Q Yeah.	8	BY MS. TOMKOWIAK:
9	A I don't.	9	Q Okay. So at the various meetings that you
10	Q Okay. Do you think that that -- this	10	had that you testified to where you discussed the
11	e-mail would have been after the meeting that you	11	policy and the terms, you don't recall anybody
12	described in the conference room?	12	saying that we should take all of the cash held at
13	A Yes. This would have been subsequent to	13	these entities and transfer it to Sentinel in
14	that.	14	exchange for the policy?
15	Q Okay. And so -- and take as much time as	15	MS. SMITH: Objection to form.
16	you need, but does it appear to be that this is	16	A Again, I don't remember it being said that
17	Mr. Stoops and the accounting team gathering the	17	way. I remember there being a list of assets, and
18	asset information for Schedule A to the purchase	18	I did not identify the assets.
19	agreement?	19	BY MS. TOMKOWIAK:
20	MS. SMITH: Objection to form.	20	Q Do you recall if any of these entities
21	A I'd need to look at what's listed here.	21	entered into purchase agreements with any other
22	It appears to be that. I can't -- I mean, I can't	22	entities around the same time frame?
23	read part of this, so I -- you know.	23	MS. SMITH: Objection to form.
24	BY MS. TOMKOWIAK:	24	A Sorry, which entities?
25	Q Yeah, understood. And was all of this	25	

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1	BY MS. TOMKOWIAK:	1	BY MS. TOMKOWIAK:
2	Q Well, the ones that -- who are listed on	2	Q Exhibit 3 is a e-mail from Shawn Raver to
3	Schedule A. Did they sell any of their assets to	3	Rick Swadley and he's attaching a tax compliance
4	anybody besides Sentinel in August 2017?	4	memo. The date is September 12th, 2018. Before
5	A I don't know.	5	today, have you ever seen this memo?
6	Q You don't know. One more question on that	6	A No.
7	document. There is an e-mail from Chris Dunn to	7	Q So just now was the first time that you've
8	you that is the one that Mr. Chism is then	8	seen it?
9	forwarding and he says: JP, See attached for the	9	A Yes.
10	summary of assets and liabilities by fund as	10	Q Do you know who Shawn Raver is?
11	discussed.	11	A Yes.
12	Do you recall what discussion you had with	12	Q Who is he?
13	Mr. Dunn regarding this summary of assets and	13	A He was a tax counsel at Highland.
14	liabilities?	14	Q And who is Rick Swadley?
15	A I do not.	15	A He also worked on the tax team at
16	Q Would that discussion have occurred by	16	Highland.
17	phone or e-mail, if you know?	17	Q And before when we talked about who worked
18	MS. SMITH: Objection to form.	18	18 on the Sentinel policy, you mentioned tax. Is
19	A I don't know.	19	19 Mr. Swadley one of the people who worked on the
20	BY MS. TOMKOWIAK:	20	20 Sentinel policy and the purchase agreement?
21	Q Or in person?	21	A Yes.
22	A Could have been any of the above.	22	Q Okay. Do you know whether Mr. Raver did
23	Q Did anybody ever instruct you to limit	23	23 as well?
24	written communications about Sentinel or this	24	A I don't recall.
25	policy?	25	Q Okay. Did you have any interactions with
	226		228
1	A No.	1	1 Mr. Raver regarding the UBS policy?
2	Q Okay. I'm going to hand you what's been	2	A I don't think so. Not that I recall.
3	previously marked as Exhibit 3. Take a few	3	Q What about with respect to Mr. Swadley?
4	minutes and let me know when you're ready.	4	A Did I have any interaction with him --
5	(Witness reviews document.)	5	sorry, can you ask the question again?
6	A Should I read the whole memo?	6	Q Sure. With respect to the legal liability
7	BY MS. TOMKOWIAK:	7	policy.
8	Q You don't need to. I will point you to	8	A Yes.
9	specific parts of it, but you can take as much	9	Q What was the nature of those interactions?
10	time as you need or if you're ready now, that's	10	A I remember discussing the policy with him
11	fine.	11	in July or August of 2017.
12	A Why don't I read it, then.	12	Q What did you discuss?
13	Q Okay.	13	A The nature of the policy. He asked for a
14	MS. SMITH: Sarah, while he's reading, can	14	copy of it. That's all I remember.
15	I take a second and ask a housekeeping question?	15	Q Do you know why he was asking for a copy
16	On this Exhibit 26 that you represented was	16	16 of the policy?
17	redacted as Social Security numbers, did Highland	17	A I don't.
18	redact those before producing it to you or did you	18	Q Was that before the policy was finalized
19	redact those before preparing the exhibit for	19	19 or after the policy was finalized?
20	today's deposition?	20	MS. SMITH: Objection to form.
21	MS. TOMKOWIAK: We did. Did we? We did.	21	A I want to say both. Both, before and
22	MS. SMITH: You did?	22	after, I had discussions with him about it.
23	MS. TOMKOWIAK: We did.	23	BY MS. TOMKOWIAK:
24	(Witness reviews document.)	24	Q Did your discussions relate to the tax
25	A Okay.	25	implications of the transaction and entering into

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1	the policy?	1	the date of the Transaction was 105,647,679.
2	A I don't recall exactly what the substance	2	Do you see that?
3	was, but he was on the tax team and it was tax	3	A Yes.
4	stuff.	4	Q Do you know where Mr. Raver would have
5	Q Do you recall that there were tax	5	gotten that number?
6	implications of doing -- entering into this	6	A No.
7	purchase agreement and policy?	7	Q So we've seen several calculations today.
8	A I didn't know of any. I have no knowledge	8	I guess I wouldn't call them calculations. We've
9	of whether there were or not. No one discussed	9	seen several statements today regarding the fair
10	that with me.	10	value of the assets that were transferred to
11	Q Would Mr. Swadley have been involved if	11	Sentinel, including 94 million, 68 million,
12	there weren't any tax issues?	12	105 million. Do you have any idea which of those
13	MS. SMITH: Objection to form.	13	valuations is right?
14	A I'm sorry?	14	MS. SMITH: Objection to form.
15	BY MS. TOMKOWIAK:	15	A No.
16	Q Would Mr. Swadley be involved if there	16	BY MS. TOMKOWIAK:
17	were no tax issues?	17	Q Well, at least according to this memo, the
18	A I think Mr. Swadley works on all manner of	18	value of those assets was approximately four times
19	topics. I wouldn't assume that.	19	the premium price; is that right?
20	Q Do you know why Mr. Raver would be putting	20	MS. SMITH: Objection to form.
21	together a memorandum regarding the tax	21	A I don't know. I mean, it says what it
22	consequences of the Sentinel acquisition of the	22	says. I don't know what -- I don't know. Are you
23	assets that we just looked at in June of 2018?	23	asking if -- sorry, what was the question?
24	MS. SMITH: Objection to form.	24	BY MS. TOMKOWIAK:
25	A No.	25	Q Well, by -- at least by Mr. Raver's memo,
	230		232
1	BY MS. TOMKOWIAK:	1	the value of the assets was at least four times
2	Q In the other matters that you've worked on	2	the premium paid, right?
3	at Highland, have you received similar memorandum	3	MS. SMITH: Objection to form.
4	regarding the tax consequences of a particular	4	BY MS. TOMKOWIAK:
5	transaction or acquisition that you've worked on?	5	Q 105 million is at least four times greater
6	MS. SMITH: Objection to form.	6	than 25 million?
7	A Have I received memos like this? No.	7	A I agree that's what it says.
8	BY MS. TOMKOWIAK:	8	Q Did the fair market value of the assets
9	Q Do you know if others have?	9	that were being transferred to Sentinel really
10	A I don't.	10	matter?
11	Q If you look at page 2 of the memo and the	11	A I don't understand the question.
12	last full paragraph, it says: The aggregate	12	MS. SMITH: Objection to form.
13	purchase price paid by Sentinel for the Assets was	13	BY MS. TOMKOWIAK:
14	\$25 million.	14	Q Was the premium going to stay 25 million
15	That's the amount of the premium on the	15	regardless of what the value of the assets were
16	policy, right?	16	17 that Sentinel received for the premium?
17	A The premium --	17	A I don't know.
18	Q On the UBS policy was \$25 million?	18	Q Who would know that?
19	MS. SMITH: Objection to form.	19	A I don't know. I'm not sure I understand
20	A In the 2017 policy, yes.	20	the question, but -- I don't know what -- I don't
21	BY MS. TOMKOWIAK:	21	know. Can you ask it again?
22	Q Yes.	22	Q Sure. Under the policy --
23	A That's correct.	23	A Yes.
24	Q Okay. And then the -- he writes here:	24	Q -- the premium was \$25 million, right?
25	The aggregate fair market value of the assets on	25	A Yes.

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1 Q And the insureds and other Highland 2 entities were using assets to -- and they were 3 transferring those assets to Sentinel as payment 4 for the premium, right?	1 BY MS. TOMKOWIAK: 2 Q So this e-mail exchange is discussing the 3 transfers of assets to Sentinel pursuant to the 4 purchase agreement; is that fair?	
5 A Yes. 6 Q So did it matter what the fair value or 7 market value or any value of those assets were? 8 Was it going to -- was there -- did it matter in 9 terms of what the premium was or was the premium 10 set and the fair market value of the assets 11 would -- didn't matter?	5 MS. SMITH: Objection to form. 6 A Sorry, say -- can you say it again? 7 BY MS. TOMKOWIAK: 8 Q Sure. The e-mail starts with Ms. Irving 9 providing Sentinel wiring information and she 10 says: Sentinel wiring instructions for cash 11 arising from the transaction are below, thank you.	
12 MS. SMITH: Objection to form. 13 A So, yeah, so it's compounded. I don't 14 know the answer to both of those. I don't know if 15 the premium would have changed and I don't know to 16 the first part as well. I have no basis to have 17 an opinion on that. I never heard anyone say that 18 to me. 19 BY MS. TOMKOWIAK: 20 Q Did the fair market value of the assets 21 matter when it came to the amount of coverage that 22 Sentinel would provide?	12 And that's on Bates ending 575. 13 A Yes, I see that. 14 Q Okay. And by transaction, she's referring 15 to the purchase agreement. Do you agree?	
23 MS. SMITH: Objection to form. 24 A I don't know. 25	16 A I don't know for certain. 17 Q Was there another transaction with 18 Sentinel that was occurring in August 2017? 19 A No, there wasn't. 20 Q And then Mr. Chism writes to Ms. Irving: 21 Please confirm this serves as instruction to wire 22 cash from all HFP funds and all CDO funds to the 23 account listed in the instructions below. 24 Do you know who he's asking for 25 instruction from?	236
1 BY MS. TOMKOWIAK: 2 Q Okay. So you don't recall anybody saying 3 that if the value of the assets being provided to 4 Sentinel was greater than the coverage amount, 5 that maybe the coverage amount should be 6 increased? 7 A I don't remember hearing that or 8 discussing that with anyone. 9 THE VIDEOGRAPHER: Your microphone, sir. 10 THE WITNESS: Shoot. I'm sorry. 11 BY MS. TOMKOWIAK: 12 Q What role did you play in transferring the 13 assets pursuant to the purchase agreement? 14 MS. SMITH: Objection to form. 15 A I connected the Highland trading and 16 settlements team with Sentinel's personnel. 17 BY MS. TOMKOWIAK: 18 Q Handing you what's been previously marked 19 in this case as Exhibit 9. Exhibit 9 is an e-mail 20 chain between Mr. Stoops and yourself, amongst 21 several other Highland individuals. Just take a 22 minute with that and let me know when you're 23 ready. 24 (Witness reviews document.) 25 A Okay.	1 A I don't. 2 Q Okay. And then Mr. Stoops responds and he 3 says: All cash has been sent. Working on DTC 4 securities. Still waiting on delivery 5 instructions for physicals from Legal. 6 Do you know who he's referring to there 7 when he says from legal? 8 MS. SMITH: Objection, form. 9 A No, I don't. 10 BY MS. TOMKOWIAK: 11 Q Were you in charge of providing delivery 12 instructions for physicals to Mr. Stoops or 13 anybody else on his team? 14 A I don't think I was in charge of that, no. 15 Q Did you, in fact, provide any of those 16 instructions? 17 A I don't recall whether I did or not. 18 Q Do you know what he means by physicals? 19 MS. SMITH: Objection, form. 20 A Physical certificates. 21 BY MS. TOMKOWIAK: 22 Q Physical stock certificates or physical 23 certificates of what? 24 A Securities. 25 Q This e-mail chain is August 11th, which is	

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<p>1 the day after the insurance policy is signed. Do 2 you recall whether there is any urgency or 3 deadline for transferring these assets to 4 Sentinel?</p> <p>5 A I don't recall any urgency or deadline.</p> <p>6 Q So to the best of your recollection, there 7 was no time frame by which the assets needed to be 8 transferred to Sentinel?</p> <p>9 A Not that I know of.</p> <p>10 Q I'm handing you what has been previously 11 marked in this case as Exhibit 19. And if you can 12 take a minute to look through that.</p> <p>13 (Witness reviews document.)</p> <p>14 A Okay.</p> <p>15 BY MS. TOMKOWIAK:</p> <p>16 Q Earlier today we looked at certain of 17 Sentinel's financial statements and that showed 18 that there were certain investments in certain 19 CLOs. Do you recall that?</p> <p>20 A Yes.</p> <p>21 Q And this e-mail chain and attachments 22 appears to reflect that there were certain issues 23 with the certificates for certain CLOs that were 24 supposed to be registered in Sentinel's name that 25 were not, in fact, registered in Sentinel's name.</p>	<p>1 Q Do you know who those certificates were 2 incorrectly registered to?</p> <p>3 A No. I'd have to look at them.</p> <p>4 Q On the page ending 2523, there is an 5 e-mail from you to Lesley Thompson that says: Can 6 the directors please review and execute the 7 attached - these are related to the November 8 waterfall distributions for the CLO securities 9 held by Sentinel. These should be the last manual 10 applications - hopefully State Street has 11 acknowledged the transfers into Sentinel's name.</p> <p>12 What was State Street's role in this?</p> <p>13 A Indentured trustee.</p> <p>14 Q So was the mistake on their part?</p> <p>15 MS. SMITH: Objection to form.</p> <p>16 A I'm not sure on whose part the mistake 17 was. I don't know when -- no, I don't know.</p> <p>18 BY MS. TOMKOWIAK:</p> <p>19 Q Do you know whether Sentinel received 20 additional distributions from these CLOs after 21 November 2016?</p> <p>22 A I don't recall offhand.</p> <p>23 Q Okay.</p> <p>24 MS. TOMKOWIAK: Let's take a break.</p> <p>25 THE WITNESS: Are we done with this?</p>
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<p>1 Do you recall this issue at all?</p> <p>2 A I do.</p> <p>3 Q What do you recall about it?</p> <p>4 A Just as you said, certificates -- an 5 investment was made in certain CLOs and the 6 certificates were never reregistered and so there 7 was administrative friction around waterfall 8 payments from time to time.</p> <p>9 Q And what are waterfall payments as they 10 relate to CLOs?</p> <p>11 A To the extent there's residual cash on a 12 quarterly basis, the CLO will pay that cash to the 13 bondholder of the relative tranche.</p> <p>14 Q And do you recall whether these CLOs 15 regularly made those types of distributions to 16 Sentinel?</p> <p>17 A I don't know if they did so regularly. 18 They did from time to time.</p> <p>19 Q Do you recall whether this issue was ever 20 resolved?</p> <p>21 A I don't recall whether it was ever 22 resolved.</p> <p>23 Q So you don't know if the certificates were 24 ever registered in Sentinel's name?</p> <p>25 A I don't.</p>	<p>1 MS. TOMKOWIAK: Yeah.</p> <p>2 THE VIDEOGRAPHER: The time is 4:03 p.m.</p> <p>3 We are off the record.</p> <p>4 (Recess taken from 4:03 p.m. CDT to 5 4:26 p.m. CDT)</p> <p>6 THE VIDEOGRAPHER: Disk -- the next --</p> <p>7 disk No. 4 in the videotaped deposition of Jean 8 Paul Sevilla. The time is 4:26 p.m. We are back 9 on the record.</p> <p>10 (Deposition Exhibit 60 marked for 11 identification.)</p> <p>12 BY MS. TOMKOWIAK:</p> <p>13 Q Mr. Sevilla, we've handed you what we've 14 marked as Exhibit 60 in this case. Have you had a 15 chance to look at that? We're handing it to you 16 now. So take a look at it and let me know when 17 you're ready.</p> <p>18 (Witness reviews document.)</p> <p>19 A Okay.</p> <p>20 BY MS. TOMKOWIAK:</p> <p>21 Q I believe you testified earlier that you 22 recalled transferring an interest in the 23 Multi Strategy Credit fund, or if I refer to that 24 as Multi Strat; is that okay?</p> <p>25 A Yes.</p>

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<p>241</p> <p>1 Q Okay. And I believe you testified earlier 2 that you recalled transferring certain limited 3 partnership interests from one of the CDO funds to 4 Sentinel around August 2007; is that right?</p> <p>5 A 2017.</p> <p>6 Q 2017, yes.</p> <p>7 A Yes.</p> <p>8 Q Okay. And what role did have you in that 9 transfer?</p> <p>10 A Connected Highland SEI and Sentinel's personnel to effectuate and settle the transfer.</p> <p>12 Q Was this transfer part of the broader 13 transfer of assets that was -- that Sentinel 14 exchanged for the insurance policy or was this 15 something separate from that?</p> <p>16 MS. SMITH: Objection to form.</p> <p>17 A This was part of that.</p> <p>18 BY MS. TOMKOWIAK:</p> <p>19 Q And if you -- who is -- what is SEI-IS 20 Highland? It says there this -- the cover e-mail 21 here at Bates 616 is an e-mail from you to looks 22 like a Listserv, SEI-IS Highland.</p> <p>23 A SEI is the fund administrator for Multi Strat.</p> <p>25 Q Okay. And if you look at the next page,</p>	<p>243</p> <p>1 A No, I don't.</p> <p>2 Q Were you aware when you sent these 3 documents to the administrator that you were 4 listed as a contact for Sentinel?</p> <p>5 A No, not at the time.</p> <p>6 Q Is there any reason why you would have 7 been listed as a secondary contact for Sentinel?</p> <p>8 A Highland's the manager of Multi Strat. I was at Highland, but...</p> <p>10 Q Have you, in fact, ever received 11 communications pursuant to your role here as 12 secondary contact for notices and communications?</p> <p>13 A I have not.</p> <p>14 Q Do you know who filled out this form?</p> <p>15 A I don't.</p> <p>16 Q Was it you?</p> <p>17 A I may have filled out portions of it, but certainly not all of it.</p> <p>19 Q If you go to Section 9, which starts at 20 page 6 which is Bates ending 627.</p> <p>21 A Okay.</p> <p>22 Q Section 9 is asking about common 23 beneficial ownership with other investors. And 24 then it asks: Does the subscriber have any 25 affiliated investors in the fund?</p>
<p>242</p> <p>1 which is Bates ended 617, the amount of the 2 subscription is 24,313 shares?</p> <p>3 A Yes.</p> <p>4 Q And then that's signed by Mr. Watler?</p> <p>5 A Yes.</p> <p>6 Q Turning to the description -- subscription 7 agreement itself, which starts at Bates ending 8 616.</p> <p>9 MS. SMITH: Objection to form. 618?</p> <p>10 1618?</p> <p>11 MS. TOMKOWIAK: I'm sorry, 1618. You're 12 right.</p> <p>13 BY MS. TOMKOWIAK:</p> <p>14 Q 1618, are you there?</p> <p>15 A Yes.</p> <p>16 Q My first question is on page 3, which is 17 the Bates number ending 624.</p> <p>18 A Yes.</p> <p>19 Q So this lists contact information and I 20 see that Mr. Kranz at Beecher Carlson is listed as 21 the primary contact for Sentinel Reinsurance and 22 that you're listed as the secondary contact. Why 23 were you listed as the contact for Sentinel?</p> <p>24 A I have no idea. I don't know.</p> <p>25 Q Do you know who made that decision?</p>	<p>244</p> <p>1 And the subscriber in this context is 2 Sentinel Reinsurance, right?</p> <p>3 A Yes.</p> <p>4 Q And the box here is checked yes. Do you 5 recall if this is a section that you filled out?</p> <p>6 A I don't recall.</p> <p>7 Q And then on the next page ending in 628, 8 it asks to identify the affiliated investor or 9 investors with which it has agreed to act 10 together. And two investors are identified there, 11 Starck, Ltd. and Sentinel Re Holdings Ltd. Do you 12 see that?</p> <p>13 A Yes.</p> <p>14 Q Do you know how Starck, Ltd. is affiliated 15 with Sentinel Reinsurance?</p> <p>16 A I don't recall.</p> <p>17 Q Do you know how Sentinel Re Holdings is 18 affiliated with Sentinel Reinsurance?</p> <p>19 A It's in the same organizational structure 20 as Sentinel, either a parent or a subsidiary, but 21 they're in the same structure.</p> <p>22 Q And is Starck, Ltd. affiliated with 23 Highland Capital Management?</p> <p>24 A I don't know. I don't recall.</p> <p>25 Q If you look at the footnote 7 on the</p>

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<p>1 preceding page, it defines affiliated investor as: 2 any investor who would be deemed to be a 3 Controlling Person with respect to the Interests 4 held by the Subscriber or who would have an 5 indirect Controlling Person in common.</p> <p>6 Do you know if Starck, Ltd. and Sentinel 7 Reinsurance had an indirect controlling person in 8 common?</p> <p>9 A I don't.</p> <p>10 Q Do you know if Starck, Ltd. would be 11 deemed to be a controlling person with respect to 12 the interests held by Sentinel Reinsurance?</p> <p>13 MS. SMITH: Objection, form.</p> <p>14 A I don't -- I have no direct knowledge. I 15 don't see -- it doesn't -- I don't know the -- an 16 entity Stark Limited. It doesn't ring a bell.</p> <p>17 BY MS. TOMKOWIAK:</p> <p>18 Q As you sit here today, you don't know how 19 these -- how Starck, Ltd. would fit within the 20 definition of an affiliated investor?</p> <p>21 A As I sit here, I don't.</p> <p>22 Q Do you recall if you reviewed this e-mail 23 before you sent it to the administrator? I'm 24 sorry, do you recall if you reviewed this 25 subscriber information form before you sent it to</p>	<p>1 BY MS. TOMKOWIAK: 2 Q Exhibit 61 is also an e-mail with an 3 attachment that was -- it's an Excel spreadsheet. 4 It was also produced in native form without a 5 Bates number. Let me know when you're ready.</p> <p>6 MS. SMITH: Is this the complete Excel 7 sheet?</p> <p>8 MS. TOMKOWIAK: Yes. 9 (Witness reviews document.)</p> <p>10 A Okay.</p> <p>11 BY MS. TOMKOWIAK:</p> <p>12 Q So in this e-mail chain, which starts with 13 an e-mail from Taylor Colbert, is that how you say 14 it, or Colbert or Colbert? Do you know who Taylor 15 Colbert is?</p> <p>16 A I've always said Colbert, but that may be 17 wrong.</p> <p>18 Q Do you know who Taylor Colbert is?</p> <p>19 A Generally.</p> <p>20 Q And who is he or she?</p> <p>21 A He worked in the accounting group.</p> <p>22 Q At Highland?</p> <p>23 A At Highland.</p> <p>24 Q And he is sending Trey Parker a 25 Multi Strat cash projection. Who is Trey Parker?</p>
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<p>1 the administrator?</p> <p>2 A I don't.</p> <p>3 Q If you didn't fill out the whole thing, do 4 you know who else would have?</p> <p>5 A Sentinel, the directors would have filled 6 out portions of it. I don't recall exactly which 7 portions, but things like Section 3 and the like.</p> <p>8 Q Do you know when Sentinel Re Holdings 9 obtained its interest in the Multi Strat fund?</p> <p>10 A I believe it was sometime in 2015.</p> <p>11 Q Were you involved in that?</p> <p>12 A I recall being involved in that, yeah.</p> <p>13 Q Do you recall who it received that 14 interest from?</p> <p>15 A I don't recall exactly.</p> <p>16 Q Do you recall if it was another Highland 17 entity?</p> <p>18 A I don't recall. I would need to look at 19 the underlying document.</p> <p>20 Q You can set that aside.</p> <p>21 MS. TOMKOWIAK: I'm going to ask the court 22 reporter to mark the next document as Exhibit 61.</p> <p>23 (Deposition Exhibit 61 marked for 24 identification.)</p> <p>25</p>	<p>1 A Trey Parker was the ex-head of private 2 equity.</p> <p>3 Q And when you say ex, do you mean --</p> <p>4 A Previously -- until February of '20.</p> <p>5 Q Okay. But at the time he was the head of 6 private equity at the time of this e-mail?</p> <p>7 A Yeah. Yes. He was the -- he was head of 8 credit research at this time, I believe, in 9 December of 2017.</p> <p>10 Q Okay. And then the next e-mail in the 11 chain is another e-mail from Mr. Colbert to 12 Mr. Parker, where the file has been updated to 13 include Sentinel being presented as an affiliated 14 investor. Do you see that?</p> <p>15 A Yes.</p> <p>16 Q Okay. And if you look at the attachment, 17 the first -- the first document in the attachment, 18 and it looks like this is taking the master fund 19 and dividing it into Highland affiliates and 20 nonaffiliates.</p> <p>21 A Yes.</p> <p>22 Q Do you agree with that?</p> <p>23 A That's what it -- well, I'm sorry.</p> <p>24 MS. SMITH: Objection, form.</p> <p>25 A I don't see that.</p>

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<p>1 BY MS. TOMKOWIAK:</p> <p>2 Q Okay. Your copy might be -- certain lines 3 are shaded. Are you able to tell that in your 4 copy?</p> <p>5 A Shaded lines, yes.</p> <p>6 Q Yes. Okay. And it looks like the shaded 7 lines are the non-Highland affiliates; whereas the 8 nonshaded lines are the Highland affiliates. 9 Based on what you know about the Highland 10 structure, do you agree with that?</p> <p>11 A I can't agree with it. I don't know</p> <p>12 enough -- I don't know what Core Credit Holdings 13 is, I don't know what Japanese Unit Trust is. No, 14 I can't attest to the accuracy of this.</p> <p>15 Q Okay. But this document with Sentinel 16 being presented as an affiliated investor is 17 consistent with the subscriber agreement that we 18 just looked at, right?</p> <p>19 MS. SMITH: Objection, form.</p> <p>20 A I don't -- I'm sorry, I don't -- I see 21 Starch here and I see Sentinel here, but -- or 22 Sentinel Re and Sentinel. What --</p> <p>23 BY MS. TOMKOWIAK:</p> <p>24 Q Do you agree that Sentinel Reinsurance was 25 an affiliated investor in the Multi Strat fund?</p>	<p>249</p>	<p>1 Q And so is that what the term affiliates 2 means to you when you're using it, entities under 3 common control?</p> <p>4 A I'm sorry, I thought you said affiliates 5 under common control. Perhaps I misheard.</p> <p>6 Q No, I'm just looking at your -- you said 7 my understanding was that Sentinel was not an 8 affiliate of Highland, so I was asking how you 9 were using that term.</p> <p>10 A Oh, okay. Can you start the question 11 over?</p> <p>12 Q Sure. Is it your --</p> <p>13 A Okay.</p> <p>14 Q Is it your understanding that Sentinel was 15 an affiliate of Highland?</p> <p>16 MS. SMITH: Objection, form.</p> <p>17 A Depends on your definition of affiliate.</p> <p>18 BY MS. TOMKOWIAK:</p> <p>19 Q Okay. So if affiliate means that they 20 share an owner in common, was Sentinel an 21 affiliate of Highland?</p> <p>22 A I don't know Highland's ownership 23 structure. It changed over time, so I can't 24 attest to it at any given moment.</p> <p>25 Q Was there ever a point in time in which</p>	<p>251</p>
<p>1 A Affiliated to who?</p> <p>2 Q Affiliated to Highland.</p> <p>3 MS. SMITH: Objection, form.</p> <p>4 A I don't -- my understanding was that 5 Sentinel was not an affiliate of Highland. So 6 I -- no, I -- and I don't see that in this -- I 7 apologize. I don't see that in this spreadsheet.</p> <p>8 BY MS. TOMKOWIAK:</p> <p>9 Q Okay. Well, The Dugaboy Investment Trust, 10 did that have an affiliation with Highland?</p> <p>11 A I don't know.</p> <p>12 Q Highland Capital Management, LP 2, did 13 that have an affiliation with Highland?</p> <p>14 MS. SMITH: Objection, form.</p> <p>15 A I've never heard of that entity.</p> <p>16 BY MS. TOMKOWIAK:</p> <p>17 Q Okay. And how -- when you said my 18 understanding was that Sentinel was not an 19 affiliate of Highland, what's that understanding 20 based on?</p> <p>21 A Compliance.</p> <p>22 Q What do you mean by compliance?</p> <p>23 A My recollection is that compliance had 24 made the determination that Highland and Sentinel 25 were not affiliates under common control.</p>	<p>250</p>	<p>1 Mr. Dondero did not own part of Highland?</p> <p>2 A I believe so.</p> <p>3 Q When was that?</p> <p>4 A I don't know the exact time. I don't know 5 exactly when that changed, but I think -- Highland 6 has had different ownership structures over years.</p> <p>7 Q Well, if there -- at any particular point 8 over the course of the years when Mr. Dondero 9 owned part of Highland and Mr. Dondero owned part 10 of Sentinel, would you say that they were 11 affiliated?</p> <p>12 MS. SMITH: Objection, form.</p> <p>13 A I don't know if that's the definition of 14 affiliate.</p> <p>15 BY MS. TOMKOWIAK:</p> <p>16 Q Well, you asked me what my definition was 17 and I said if my definition is that they share an 18 owner and at one point in time Highland was owned 19 in part by Mr. Dondero and Sentinel was owned in 20 part by Mr. Dondero, then --</p> <p>21 A Is this a hypothetical?</p> <p>22 Q Well, if we're using that definition of 23 affiliate.</p> <p>24 A Again, I don't know Highland's ownership 25 structure at any given moment. When you say</p>	<p>252</p>

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	253	
1 affiliate, I think of affiliate under common		1 A I don't know if it was in connection with
2 control or the definition of affiliate. So that's		2 it. It was temporally around the same time. I
3 what I was answering.		3 don't -- I can't state that one followed the other
4 Q And by common control, do you mean that		4 necessarily.
5 the control has to be identical?		5 Q And you said that you remember learning it
6 A No.		6 directly from Mr. Surgeon?
7 Q So you just don't know if Sentinel was an		7 A Yes.
8 affiliate of Highland?		8 Q Was there anybody else in compliance that
9 MS. SMITH: Objection, form.		9 you remember discussing that conclusion with?
10 A It's my understanding that compliance --		10 A Jason Post.
11 the compliance group determination was that they		11 Q Anybody else?
12 were not affiliates under common control.		12 A Lauren Thedford.
13 BY MS. TOMKOWIAK:		13 Q Anybody else?
14 Q And who in the compliance group made that		14 A Well, Mr. Ellington was not in compliance,
15 determination?		15 but Mr. Ellington.
16 A Mr. Surgeon.		16 Q Anybody else?
17 Q Anybody else?		17 A That's probably it.
18 A I don't know who else he would have		18 Q When did you discuss that conclusion with
19 consulted.		19 Mr. Post?
20 Q And do you know when he made that		20 A Same time frame, August of '17.
21 determination?		21 Q And was this separate from your
22 A I can't point to an exact date.		22 conversation with Mr. Surgeon?
23 Q Was it before or after the insurance		23 A No, it would have been simultaneous.
24 policy was executed?		24 Mr. Post would have been in the conversation or
25 A My recollection is it was around the same		25 nearby. He's the deputy CCO. So he was often
	254	
1 time.		256
2 Q And did he make that determination during		1 present.
3 the meeting in the conference room that you		2 Q And what about Ms. Thedford? Would you
4 referenced earlier?		3 have had a separate conversation with her about
5 A I don't recall that being a conclusion		4 that conclusion?
6 from that meeting, the meeting in Bois d'Arc, no.		5 A I don't recall.
7 Q And how did you learn of that conclusion?		6 Q What about Mr. Ellington? Would you have
8 A Over the course of time after I came to		7 had a separate -- did you have a separate
9 understand from compliance that Sentinel was not		8 conversation with him regarding that conclusion?
10 a -- an affiliate under common control. I'm not		9 A We discussed it separately, yes.
11 sure how the question initially had been posed to		10 Q What was the context of that discussion?
12 them, but I remember learning that from --		11 A We confirmed our understanding of
13 directly from Mr. Surgeon, let's call it August --		12 Mr. Surgeon -- Mr. Surgeon and the compliance
14 August of 2017.		13 group's determination that Sentinel was not an
15 Q And did Mr. Surgeon provide you anything		14 affiliate of Highland.
16 in writing?		15 Q And when you say the compliance group, are
17 A I don't know if there are e-mails to that		16 you referring to anybody besides Mr. Post and
18 effect. There might be, but certainly verbally		17 Ms. Thedford?
19 around the group, that was made clear.		18 A Whoever Mr. Surgeon consulted in the
20 Q Around what group?		19 compliance group.
21 A The group that had worked on the ATE		20 Q Okay. And so -- do you know that he
22 policy that I had referenced earlier, the		21 consulted with Mr. Post?
23 accounting and settlement and ops and et cetera.		22 MS. SMITH: Objection to form.
24 Q So was that conclusion that was made by		23 A I believe Mr. Post was in the conversation
25 Mr. Surgeon in connection with the UBS policy?		24 where Mr. Surgeon let me know that that was their
		25 determination.

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1 BY MS. TOMKOWIAK:		1 confirming with Scott that compliance had come	
2 Q Is that the same with respect to		2 back to say that Sentinel was not an affiliate of	
3 Ms. Thedford, or you don't recall?		3 Highland and he said, yeah, that's my	
4 A I don't recall the specifics of		4 understanding.	
5 Ms. Thedford.		5 Q So were you confirming that to Scott?	
6 Q And when you had that conversation with		6 A I was confirming what I had heard to Scott	
7 Mr. Surgeon and Mr. Post, was that a conversation		7 and confirming that he had understood the same	
8 that you had at the office?		8 thing and he -- we confirmed that to each other.	
9 A Yes.		9 Q And you don't recall if that conversation	
10 Q And where was that?		10 took place in the context of taking any specific	
11 A On the floor of the legal group. It's		11 action?	
12 like a trading floor environment, so in between		12 A I don't remember what backdrop it was	
13 one of our desks.		13 against.	
14 Q Was this a scheduled conversation? Was		14 Q Going back to this document. Mr. Surgeon	
15 this an impromptu conversation?		15 forwards this to Mr. Ellington and then	
16 A I don't recall.		16 Mr. Ellington forwards these attachments to you	
17 Q And you don't recall what prompted		17 and Mr. Leventon and asked him to call him	
18 Mr. Surgeon to convey that conclusion to you?		18 tomorrow on this.	
19 A Again, it was around the time of the ATE		19 Do you recall if you, in fact, called	
20 compliance analysis. I don't recall what -- what		20 Mr. Ellington?	
21 came first or if one necessarily was a result of		21 A I don't recall.	
22 the other. I just remember them being around the		22 Q Do you recall having a conversation with	
23 same time.		23 Mr. Ellington at any point in time regarding	
24 Q So do you know who asked him that		24 Sentinel being presented as an affiliated investor	
25 question?		25 in the Multi Strat fund?	
	258		260
1 MS. SMITH: Objection to form.		1 A I can't point to a specific conversation,	
2 A I had asked him. I'm not sure who else		2 other than the one in the August time frame. So	
3 asked him.		3 I -- and I don't remember this e-mail, this	
4 BY MS. TOMKOWIAK:		4 particular e-mail, but...	
5 Q When did you ask him?		5 Q And you don't recall, again, if that	
6 A Around this time.		6 conversation that you had with Mr. Ellington was	
7 Q How did you ask him?		7 in the specific context of Multi Strat?	
8 A I don't remember the exact words, but the		8 A I'm sorry, which conversation?	
9 question was that -- the discussion was about		9 Q The one that you described to me earlier	
10 whether Sentinel was an affiliate of Highland.		10 in the office.	
11 Q Was it in connection with this Multi Strat		11 A No, I don't remember that it was in the	
12 transfer?		12 context of Multi Strat at all.	
13 A I don't recall.		13 Q Okay. You can set that aside. I'm	
14 Q Was this an in-person conversation?		14 handing you what I will ask the court reporter to	
15 A Yes.		15 mark as Exhibit 62.	
16 Q And what about the conversation that you		16 (Deposition Exhibit 62 marked for	
17 had referenced with respect to Mr. Ellington? Was		17 identification.)	
18 that an in-person conversation?		18 BY MS. TOMKOWIAK:	
19 A Yes.		19 Q Let me know when you're ready.	
20 Q Did that also take place in the office?		20 (Witness reviews document.)	
21 A Yes.		21 A Okay.	
22 Q And what did you and Mr. Ellington		22 BY MS. TOMKOWIAK:	
23 discuss?		23 Q Okay. Exhibit 61 [sic] is an e-mail	
24 A I can't speak to the -- you know, the		24 exchange between Carter Chism, you, Mr. Leventon,	
25 entirety of the conversation, but I remember		25 Mr. DiOrio and Mr. Stoops, dated February 7th,	

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1 2019, and some of the earlier e-mails go back to		1 A I don't know what you mean by CDO fund.	
2 January 2019.		2 CDO ops fund, I'm not sure what he means. You	
3 A Yeah.		3 know, certainly one of the insurers is CDO, but I	
4 Q Do you recall the issue that's being		4 don't -- CDO fund, but I don't -- again, I don't	
5 described in this e-mail regarding the Bank of		5 know what he means exactly.	
6 New York accounts?		6 BY MS. TOMKOWIAK:	
7 A I do recall this.		7 Q Other than the transfers to Sentinel	
8 Q What was going on here?		8 pursuant to the purchase agreement that we looked	
9 A I believe there were some amounts		9 at earlier, did you have any role in making any	
10 outstanding to the Bank of New York, some fees		10 other transfers of assets from any Highland fund	
11 that were outstanding on the part of CDO ops and		11 to Sentinel?	
12 HFP.		12 MS. SMITH: Objection to form.	
13 Q Those were custodial funds or --		13 A No.	
14 A I don't know exactly what they were. I		14 BY MS. TOMKOWIAK:	
15 don't know what the funds were in relation to.		15 Q You can set that aside. I'm handing you	
16 Q Okay. In the e-mail chain from		16 what's been previously marked as Exhibit 38. Take	
17 Mr. Leventon to Mr. Chism on February 7th at		17 a look at Exhibit 38 and let me know when you're	
18 7:59 a.m. he says: Jason -- not sure why. Jason,		18 ready.	
19 CDO Fund is and has been insolvent since the		19 (Witness reviews document.)	
20 financial crisis in 2009.		20 A Okay.	
21 Do you agree that in February 2019, do you		21 BY MS. TOMKOWIAK:	
22 agree with the statement that CDO fund was and had		22 Q Have you ever seen this document before?	
23 been insolvent since 2009?		23 A No.	
24 MS. SMITH: Objection to form.		24 Q Do you have any knowledge at all about a	
25 A I don't know.		25 transfer -- a sale and purchase between Sentinel	
	262		264
1 BY MS. TOMKOWIAK:		1 Reinsurance and Sebastian Clarke Ltd. in 2019?	
2 Q You don't know one way or the other?		2 A No, not that I recall.	
3 A I have no opinion -- yeah, I have no		3 Q Don't remember hearing about it?	
4 opinion one way or the other.		4 A No.	
5 Q And then at the top of it, the --		5 Q Did you have any role in any transaction	
6 Mr. Chism writes: Should we have Bank of New York		6 between Sentinel Reinsurance and any non-Highland	
7 close the accounts and sweep the cash in full		7 entity?	
8 resolution of the amounts BNY claims are owed?		8 MS. SMITH: Objection, form.	
9 Do you recall if that proposal -- do you		9 A Any transfer between Sentinel Reinsurance	
10 recall if that happened?		10 and a non-Highland entity?	
11 A I don't know if it happened one way or the		11 BY MS. TOMKOWIAK:	
12 other.		12 Q Correct. Any transfer or other	
13 Q So you don't know if you had Bank of		13 transactions that Sentinel undertook with respect	
14 New York close those accounts?		14 to non-Highland entities.	
15 A I did not take this for action or do		15 MS. SMITH: Objection, form.	
16 anything with it.		16 A There was an e-mail I found in my Gmail	
17 Q And when Mr. Chism says, I believe the CDO		17 that we've produced, about an investment that	
18 ops fund was included in the transfer to Sentinel,		18 Sentinel made in a gold fund, some sort of gold	
19 is that referring to the transfer of assets to pay		19 commodities fund, in like twenty -- early 2016. I	
20 the premium in the insurance policy?		20 believe it redeemed its interest in that fund 12	
21 A I'm not sure exactly what he meant there.		21 to 18 months after, but that would be it. I'm not	
22 Q Do you recall a transfer of assets to		22 familiar with these -- with the subject of this.	
23 Sentinel from CDO or any of the CDO funds at any		23 That would be the other -- the only example I	
24 other point in time?		24 have.	
25 MS. SMITH: Objection, form.		25	

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	265		267
1	BY MS. TOMKOWIAK:	1	Q Okay. How did you search your text
2	Q Okay. Well, that's a good segue into	2	messages?
3	that. So you can set that aside.	3	A Went text by text and tried to do a search
4	You're testifying here today pursuant to a	4	at the top of the search bar.
5	subpoena, correct?	5	Q Does that mean that you searched texts
6	A Yes.	6	with specific people?
7	Q And you also received a subpoena to	7	A I did both. I searched texts with
8	produce documents; is that right?	8	specific people and entered -- and entered
9	A Yes.	9	Sentinel in the search on iMessage and it will
10	MS. TOMKOWIAK: We will mark this as	10	show whatever hits.
11	Exhibit 63.	11	Q And who are those people that you
12	(Deposition Exhibit 63 marked for	12	searched?
13	identification.)	13	A Ellington, Leventon, any work colleague,
14	BY MS. TOMKOWIAK:	14	anyone who had worked at Highland. I made sure if
15	Q Mr. Sevilla, this is the subpoena issued	15	15 there were texts from work colleagues, that I
16	to you to produce documents in this case. Have	16	searched through there.
17	you seen this before?	17	Q What are Signal messages?
18	A Yes.	18	A It's like a messaging -- like a messaging
19	MS. SMITH: Objection.	19	app, like IM. I use it very, very infrequently.
20	BY MS. TOMKOWIAK:	20	Nothing responsive came up.
21	Q Oh, shoot, that's the deposition subpoena.	21	Q But that's an app on your phone?
22	Okay. Well, have you seen that before?	22	A It's an app, yeah.
23	A Yes.	23	Q Like WhatsApp or something like that?
24	MS. TOMKOWIAK: Then let's mark as	24	A Something like that. And I don't have
25	Exhibit 64, the document subpoena.	25	WhatsApp.
	266		268
1	(Deposition Exhibit 64 marked for	1	Q What e-mail addresses did you search?
2	identification.)	2	A sevillajp@gmail. I have another e-mail
3	BY MS. TOMKOWIAK:	3	3 that is largely dormant that I used to sign up for
4	Q Have you seen this document before?	4	4 things I thought would be spam, jaypsev@gmail. I
5	A Yes.	5	5 checked my wife's and I family e-mail, which is
6	Q When is the first time you saw it?	6	6 jpml755@gmail. And then I checked my work e-mail
7	A I don't remember the exact date.	7	7 at jsevilla@skyviewgroup.com.
8	Q Was it on or around April 20th, 2021, or	8	Q And you said that you did not -- you
9	after that?	9	thought you had access to your Highland account
10	A Would have been whenever I got served with	10	but you didn't access it?
11	11 it. I don't remember the exact date I was served.	11	A Yeah. My understanding is that I had
12	Q Okay. And what did you do to search for	12	12 access to -- my Highland e-mail had not been shut
13	documents responsive to the subpoena?	13	13 off, at the decision of Highland. So I knew I
14	A I searched my phone, I searched my	14	14 could access it, but I agreed with counsel that I
15	15 e-mails, I searched any documents or papers I have	15	15 would flag that and not search that or access
16	16 at my residence and in my office, my place of work	16	16 Highland property to respond to the subpoena.
17	17 at Skyview. That's the extent of it.	17	Q So do you know that you have access to
18	Q What -- where did you search on your	18	your Highland e-mail account?
19	phone?	19	A At the time of the subpoena, I knew I did.
20	A I searched for text messages, I searched	20	I could check it if I wanted to. I don't know if
21	21 for Signal messages, I searched for e-mails,	21	21 that's since changed.
22	22 personal e-mails. I had access to -- I believe I	22	Q And again, you knew that because you had
23	23 still had access to Highland e-mails, but I did	23	accessed it recently?
24	24 not review those or access my Highland account.	24	A No, I knew that because it was still -- I
25	25 That would have -- yeah, that's --	25	25 have an iPad and the e-mail client was still on

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 1 the iPad and I wasn't getting any kind of password
 2 or error message, so I kind of left it there in
 3 stasis out of an abundance of caution. So -- and
 4 then I let them know that was the case.

5 Q When was the last time that you accessed
 6 your Highland e-mail account?
 7 A I haven't accessed it since I left
 8 Highland, but e-mails have come into the Highland
 9 e-mail on my -- e-mails had come into the Highland
 10 e-mail on my iPad and so to the extent I was on --
 11 the cursor was on it, I guess it would show the
 12 top e-mail as being read, but I didn't access it.
 13 I wasn't looking for stuff.

14 Q So on your iPad, you don't need to like
 15 put in a password? Your Highland account is just
 16 set up so that new e-mails come in?

17 A That's how it had been set up, yes. And I
 18 believe that's since been shut off.

19 Q And why do you believe that?

20 A We received a -- Skyview received some
 21 communication from the debtor saying they were
 22 shutting it off.

23 Q When did you find the e-mail that you
 24 produced to us?

25 A Friday -- what was last Friday? Whatever

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 1 last Friday was.

2 Q And was that a result of a subsequent
 3 search for documents, or was that as a result of
 4 what you just described to me here? So how many
 5 times did you look for documents?

6 A I looked for documents one time. I
 7 accessed my Gmail differently on my home laptop.
 8 I used the Gmail on like the web browser, which
 9 showed more e-mails. I was looking for an e-mail
 10 from counsel and I saw that there was one that I
 11 hadn't seen. I don't know if it was archived or
 12 what, but I saw it and then flagged it for
 13 counsel.

14 Q So the first time you looked in your Gmail
 15 you did not identify any responsive documents, but
 16 then you subsequently identified the document that
 17 you produced to us?

18 A Correct.

19 Q Before you were terminated from Highland,
 20 did you have a chance to clear out any materials
 21 on your desk?

22 MS. SMITH: Objection to form.

23 A Yes.

24 BY MS. TOMKOWIAK:

25 Q What did you do with those materials?

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 1 A The materials that I cleared my desk off?
 2 Q That you had at the office, yeah.
 3 A Took them home or disposed of them if they
 4 were personal and I didn't want them.

5 Q Did you look through those documents to
 6 identify anything potentially responsive to the
 7 subpoena?

8 MS. SMITH: Objection to form.

9 A I looked at documents that I cleared my
 10 desk of, yes.

11 BY MS. TOMKOWIAK:

12 Q You're represented by counsel in this
 13 matter; is that right?

14 A Yes.

15 Q And specifically both of the individuals
 16 here?

17 A Yes.

18 Q Who is paying for your counsel's fees in
 19 this matter?

20 A I don't know if they've been paid --

21 Q Who is --

22 A -- to date.

23 Q -- expected to pay them?

24 A I have not been asked to pay. I would
 25 expect to have an indemnity or indemnities, but

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 1 I'm not certain if that's the case.

2 Q Would that be an indemnity by Skyview?

3 A Potentially.

4 Q Or Highland?

5 A Potentially.

6 Q Okay. So as you sit here today, you don't
 7 know who will pay for your counsel's fees?

8 A I'm not certain who's going to pay or
 9 whether it will be me.

10 Q One other point of clarification. I think
 11 you testified -- I was unclear from your testimony
 12 earlier. Other than the ATE policy with respect
 13 to the UBS litigation, during the course of your
 14 employment at Highland, did you work on any other
 15 ATE insurance policies?

16 A Other -- I'm sorry, other than --

17 Q Other than the one between -- other than
 18 the UBS policy with Sentinel.

19 A I had worked on diligencing SAS litigation
 20 funding matters that involved ATE. And so in
 21 connection with that, I had reviewed terms of ATE
 22 and sort of looked at policies from that
 23 perspective.

24 Q Okay. So you had a general understanding
 25 prior to the UBS policy of what an ATE policy was?

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1	MS. SMITH: Objection to form.	1	questions and I will let Ms. Smith respond to
2	A I generally knew of what it was, yeah.	2	that.
3	BY MS. TOMKOWIAK:	3	MS. SMITH: I'm going to object to the
4	Q And the -- and what the purpose of an ATE	4	debtor's counsel asking any questions. He did not
5	policy was?	5	join in the notice of deposition and the purpose
6	A Or at least one purpose based on what I	6	6 of the deposition, pursuant to the Court's order,
7	had seen previously. I don't think I got a	7	7 was for UBS to make a record in support of the
8	comprehensive understanding or view of the	8	8 plaintiff's motion for temporary restraining order
9	product, but I certainly had seen it before.	9	9 and preliminary injunction, not for the debtor.
10	MS. TOMKOWIAK: I'm going to ask the court	10	Judge Jernigan limited the scope of the
11	reporter to mark this as Exhibit 65.	11	11 depositions in her ruling, so I'm going to object
12	(Deposition Exhibit 65 marked for	12	12 to him asking any questions.
13	identification.)	13	MR. FEINSTEIN: Well, that's unfortunate.
14	BY MS. TOMKOWIAK:	14	Not a good look. Are you -- do you acknowledge
15	Q You can put the subpoena aside.	15	15 that the debtor has the right to notice the
16	A Okay.	16	16 witness for a separate deposition before the
17	MS. SMITH: I'm going to caution you not	17	17 cutoff of discovery? We can do it that way. I
18	18 to reveal any privileged communications between	18	18 mean, I'll represent that I've got 15 minutes of
19	19 yourself and counsel.	19	19 questions. But, you know, I take your point, but
20	THE WITNESS: Okay.	20	20 certainly we have the right to depose the witness
21	BY MS. TOMKOWIAK:	21	21 in the adversary.
22	Q Exhibit 65 is a confidentiality agreement.	22	MS. SMITH: Just give me one second.
23	Have you seen this agreement before?	23	MS. DANDENEAU: Can we -- we'll go off the
24	A Yes.	24	24 record and confer on that.
25	Q And did you authorize your attorney to	25	MR. FEINSTEIN: Maybe we should do that.
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1	sign it on your behalf?	1	THE VIDEOGRAPHER: We are off the record
2	A Yes.	2	at 5:17 p.m.
3	Q Do you understand your obligations with	3	(Recess taken from 5:17 p.m. CDT to
4	respect to confidentiality under this agreement?	4	5:41 p.m. CDT)
5	A I believe so, yes.	5	THE VIDEOGRAPHER: The time is 5:41 p.m.
6	Q Okay. And have you adhered to those	6	We are back on the record.
7	obligations?	7	MS. DANDENEAU: I just want to make a
8	A I believe so, yes.	8	statement. Before we broke, Mr. Feinstein had
9	Q And are you qualifying your answer in any	9	9 indicated that he wished to ask about 15 minutes
10	way when you say I believe so, or is there	10	10 of questions to Mr. Sevilla. We raised an
11	something that you're unsure of there?	11	11 objection to that. We subsequently conferred and
12	A No. I think I have complied with it.	12	12 we have an understanding with Mr. Feinstein that
13	MS. TOMKOWIAK: So let's go off the record	13	13 if we permit those questions to be asked now in
14	briefly.	14	14 the context of this deposition, that Mr. Feinstein
15	THE VIDEOGRAPHER: The time is 5:14 p.m.	15	15 will not recall Mr. Sevilla as a witness for a
16	We are off the record.	16	16 deposition in this proceeding. And I just want to
17	(Recess taken from 5:14 p.m. CDT to	17	17 confirm with Mr. Feinstein if that's correct.
18	5:15 p.m. CDT)	18	MR. FEINSTEIN: I can confirm that.
19	THE VIDEOGRAPHER: The time is 5:15 p.m.	19	MS. DANDENEAU: Thank you. And I will be
20	We are back on the record.	20	20 defending Mr. Sevilla for the purposes of
21	MS. TOMKOWIAK: While we were off the	21	21 Mr. Feinstein's questions.
22	record, I said that I would like to confer with my	22	MR. FEINSTEIN: Okay. Before I start,
23	colleagues to see if we have any further questions	23	23 though, is there any more questioning from UBS?
24	for this witness and I also indicated that I	24	MS. TOMKOWIAK: Yes. But I will defer the
25	believed that the debtor's counsel had some	25	25 rest of my time until after your questions.

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1 MR. FEINSTEIN: Okay. Then we can get 2 started, then. 3 Madam Court Reporter, are you ready -- or 4 Mister. Not being in the room, that's the 5 problem. I'll be gender neutral. Are you ready? 6 THE REPORTER: Yes. 7 MR. FEINSTEIN: I'm ready. Thank you, 8 sir. 9 EXAMINATION 10 BY MR. FEINSTEIN: 11 Q Good afternoon, Mr. Sevilla. I'm Robert 12 Feinstein from Pachulski Stang Ziehl & Jones for 13 counsel to Highland. We've never met before, have 14 we? 15 A No, sir. 16 Q So I want to focus you on the time period 17 between the appointment of the independent board 18 and the time you left the company. So the 19 independent board was put in place in or about 20 January of 2020, correct? 21 A I believe that's right. 22 Q And the board -- do you know -- can you 23 identify the board members by name? 24 A Yes. 25 Q And who are they?	1 loss of the UBS litigation? 2 MS. DANDENEAU: Objection to form. 3 A No. 4 BY MR. FEINSTEIN: 5 Q Is there any reason why you didn't do 6 that? 7 A I wasn't asked. No one ever asked me 8 about UBS matters. It's not a case that I worked 9 on or had any knowledge about. I was focused 10 on -- my primary focus was on the portfolio 11 companies in the private equity book and those 12 would be the matters that Mr. Seery asked me 13 about. 14 The one litigation I did work on in the 15 past had been the ACIS matter. And so Mr. Seery 16 would ask me about those matter -- about ACIS, if 17 he had ACIS questions. But my recollection is 18 that he and the board were very, sort of -- I 19 don't want to say disciplined, but very particular 20 about who they would ask about certain matters at 21 Highland and my function was primarily private 22 equity. 23 Q All right. You testified before that, to 24 your knowledge, the UBS claim, given its size, 25 was, I think you used the word front and center in	
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1 A Dubel, Nelms and Seery. 2 Q Okay. And to what extent did you have 3 interaction with them over the course of calendar 4 year 2020? 5 MS. DANDENEAU: Objection to form. 6 BY MR. FEINSTEIN: 7 Q You can answer. 8 A I interacted with all of them at different 9 times from time to time. 10 Q Did there come a point when Mr. Seery 11 became the CEO? 12 A Yes. 13 Q And of the three of them, would you say 14 that your greatest contact over the course of last 15 year was with Mr. Seery? 16 A Yes. 17 Q And when did you leave the employ of the 18 debtor? 19 A February 28th of '21. 20 Q Okay. And so between the time that the 21 independent board was appointed and your departure 22 from the company, did you ever disclose to any of 23 the members of the independent board that you were 24 aware of the existence of the Sentinel insurance 25 policy ostensibly providing for coverage for the	1 the bankruptcy case. Do you recall that 2 testimony? 3 A I don't recall using those words, but I 4 know it was -- it was litigated over and it was 5 discussed quite extensively. 6 Q And are you aware that last year, calendar 7 year 2020, Highland was both litigating with UBS 8 and also attempting to settle? 9 A Yes, I did know that. 10 Q Did you -- do you think it would have been 11 relevant information to tell Mr. Seery of the 12 possible availability of \$100 million of insurance 13 proceeds to help settle the UBS litigation? 14 MS. DANDENEAU: Objection to form. 15 A No, I didn't think to volunteer that 16 information. I knew he was consulting with others 17 and colleagues, and our interaction was primarily 18 related to the private equity team and to all of 19 the issues -- particularly during COVID, several 20 were exigent -- all of the issues facing the 21 portfolio companies. So I had a full plate, as 22 did he. 23 BY MR. FEINSTEIN: 24 Q The purchase agreement that was entered 25 into alongside the Sentinel insurance policy	

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	281	1 involved the transfer to Sentinel of assets from 2 the two funds that were named by UBS in the state 3 court litigation; isn't that correct? 4 A I believe that's right. 5 Q Yeah. Do you know -- were you made aware 6 of the fact last year, that UBS was asking 7 Highland for information about what assets were 8 made in those funds? 9 MS. DANDENEAU: Objection to form. 10 A I was not made aware of that. 11 BY MR. FEINSTEIN: 12 Q Were you ever instructed by Mr. Dondero, 13 Mr. Ellington or Mr. Leventon not to reveal the 14 facts and circumstances surrounding the Sentinel 15 insurance policy or the transfer of assets to the 16 independent directors? 17 A No. 18 Q I want to go back to the July -- or 19 August 17 meetings. There was a larger group and 20 then there was a meeting with you and Mr. Surgent 21 and Mr. Ellington. Do you recall testifying about 22 those meetings today? 23 A My testimony was not that they occurred on 24 August 17th. 25 Q I'm sorry. What was the date? Was it	283
	282	1 July 17th, thereabouts? 2 A No, I couldn't pinpoint the exact date. 3 My recollection is that it was over the course of 4 late July, early August, but I couldn't 5 necessarily pinpoint. 6 Q Okay. But you do remember the meetings? 7 A Yes. 8 Q Okay. So now there was a compliance issue 9 discussed at those meetings, was there not? 10 A I wouldn't characterize it as a compliance 11 issue. 12 Q Well, you were aware, were you not, that 13 Mr. Dondero was the beneficial owner of Highland 14 Capital, correct? 15 MS. DANDENEAU: Objection to form. 16 A I wasn't -- I had no direct knowledge of 17 what Highland's ownership structure was over time. 18 I knew colloquially that it had changed. It was 19 never part of my job to really understand or get 20 granular. So, no, I don't know to what extent he 21 was the beneficial owner of Highland, if ever. 22 BY MR. FEINSTEIN: 23 Q Was there any doubt in your mind, 24 Mr. Sevilla, that James Dondero was the 25 controlling shareholder, owner, manager of	284
		1 Highland Capital? 2 MS. DANDENEAU: Objection to form. 3 A I would say there's no doubt in my mind 4 that he was the president of the company. As far 5 as a shareholder and the rest, I can't testify to 6 that. 7 BY MR. FEINSTEIN: 8 Q And you were also aware at this time, were 9 you not, that Mr. Dondero had a beneficial 10 ownership in Sentinel, correct? 11 A Yes. 12 Q Okay. And what -- was the compliance 13 question that was discussed at those meetings in 14 late July, whether or not Mr. Dondero's status as 15 a beneficial owner of Sentinel and his 16 relationship as president, among other things to 17 Highland Capital, that that created the prospect 18 of the Sentinel transaction, the insurance policy, 19 the transfer of assets, being an affiliated party 20 transaction; that was mutual, wasn't it? 21 MS. DANDENEAU: Objection to form. 22 BY MR. FEINSTEIN: 23 Q You can answer. 24 A It wasn't just one compliance issue being 25 reviewed. I acknowledge that was one issue, but	284

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1	MS. DANDENEAU: Objection to form.	1	BY MR. FEINSTEIN:
2	A I don't think he said that. I don't	2	Q And you've seen estimates that the CLO
3	recall verbatim what he said. But from that	3	assets that were transferred were worth tens of
4	longer meeting and subsequent meetings, my	4	millions of dollars, correct?
5	understanding was that compliance had approved the	5	MS. DANDENEAU: Objection to form.
6	transaction, including the issues you just	6	A Again, I don't -- I don't recall what
7	highlighted.	7	value was attributed by valuation to the CLO
8	BY MR. FEINSTEIN:	8	assets, but I know there were CLO assets.
9	Q But knowing that, Mr. Dondero's	9	BY MR. FEINSTEIN:
10	relationship to both Sentinel and Highland	10	Q Did it make sense to you at the time that
11	Capital, did you question the conclusion that this	11	Sentinel was going to receive 11 million in cash
12	was not a problem?	12	plus the CLO assets to satisfy a premium
13	MS. DANDENEAU: Objection to form.	13	obligation of \$25 million?
14	A No, I did not question it.	14	MS. DANDENEAU: Objection to form.
15	BY MR. FEINSTEIN:	15	A I'm sorry, the question was did it seem --
16	Q You have a law degree, correct?	16	can you repeat that, please?
17	A Yes.	17	BY MR. FEINSTEIN:
18	Q And how many years have you been in	18	Q Did it make sense to you that to satisfy a
19	business?	19	\$25 million premium, Sentinel was going to receive
20	MS. DANDENEAU: Objection to form.	20	11 million in cash and all those CLO assets on
21	A I graduated law school in 2007.	21	that schedule?
22	BY MR. FEINSTEIN:	22	MS. DANDENEAU: Same objection.
23	Q And have been working in the fund industry	23	A I understood what the transaction was to
24	since then?	24	be. So, yes, I understood that was a portion of
25	A No.	25	it.
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1	Q With respect to the policy itself, the	1	BY MR. FEINSTEIN:
2	premium was 25 million, correct?	2	Q Right. And did it strike you as strange
3	A Yes.	3	or inappropriate or improper that Highland -- that
4	Q And the coverage was 100 million, correct?	4	Sentinel was receiving all those assets in
5	A I believe that's right, in 2017, yes.	5	exchange for a \$25 million premium obligation?
6	Q And you've seen documents today that show	6	MS. DANDENEAU: Objection to form.
7	that approximately 11 million in cash and then	7	A I wouldn't say that I thought it was
8	various forms of securities and CLO assets was	8	strange or -- is inappropriate the second word you
9	transferred to Sentinel to pay the premium,	9	used? I wouldn't say that I thought it was
10	correct?	10	strange or inappropriate. I left the approval and
11	MS. DANDENEAU: Objection to form.	11	propriety of the matter to others above my rank, I
12	A It's been a long day. I know I saw	12	I guess.
13	schedules of assets and a portion of that was	13	BY MR. FEINSTEIN:
14	cash. I don't know what the exact numbers were.	14	Q Did it seem to you, though, that there was
15	BY MR. FEINSTEIN:	15	an imbalance between the premium payment and the
16	Q But is it consistent with your	16	amount of assets that Sentinel was receiving from
17	understanding of the transaction having	17	the funds?
18	participated in it, that Highland -- that assets	18	MS. DANDENEAU: Objection to form.
19	were transferred to Sentinel, including cash and a	19	A I didn't think of it that way, as far as
20	substantial amount of CLO assets from the funds?	20	an imbalance. That's not how I thought of it.
21	MS. DANDENEAU: Objection to form.	21	BY MR. FEINSTEIN:
22	A I don't know if I would say a substantial	22	Q No, but I'm thinking that way and I asked
23	amount of CLO assets. I would agree that assets	23	you the question. Do you see that -- my point,
24	were transferred, including cash and CLOs.	24	that there's an imbalance between a \$25 million
25		25	premium payment and the receipt by Sentinel of

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1 11 million in cash and that whole list of CLO 2 assets?		1 understand.
3 MS. DANDENEAU: Objection to form.		2 BY MR. FEINSTEIN:
4 BY MR. FEINSTEIN:		3 Q Do you think it makes business sense to 4 pay tens of millions of dollars for an insurance 5 policy that provides \$100 million of coverage?
5 Q You can answer.		6 MS. DANDENEAU: I'm going to object, by 7 the way, because -- as to relevance as well as 8 form, because the propriety of the transaction is, 9 to my knowledge, not at issue in the current 10 litigation between UBS and the debtor. And that's 11 not part of the relief that's being sought.
6 A No, I don't disagree as to the imbalance.		12 And so you can keep asking him what he 13 thinks and his opinions. He's told you he's not 14 qualified to give that opinion, but it's not 15 only -- I mean, it's just not a relevant question.
7 The inputs or the -- the data inputs that I would		16 Again, you want to spend the rest of the 17 time in this deposition -- allotted to this 18 deposition asking him these irrelevant questions, 19 that's, I guess, your prerogative and 20 Ms. Tomkowiak's prerogative.
8 have been considering would have been from the		21 MR. FEINSTEIN: Irrelevance is not an 22 appropriate objection in a deposition.
9 actuaries, the Highland team and outside counsel.		23 BY MR. FEINSTEIN:
10 You know, whether the face amount of the policy,		24 Q Can you answer my question, please?
11 et cetera, were appropriate or whether there was		25 A Will you please repeat it?
12 an imbalance wasn't within what I was asking --		
13 being asked to do or opine on.		
14 Q Yes. But do you believe that the CLO 15 assets that were on the schedule to the purchase 16 agreement were worth less than \$15 million?		
17 A Again, I don't know what valuation		
18 methodology would be used in an insurance context		
19 or at the Highland context. I'm certainly not an		
20 expert on that. I -- I wouldn't weigh in on that		
21 because I know there are several different ways to		
22 value securities like CLOs. That's not something		
23 I've ever been asked to do.		
24 Q You saw documents at the time, did you 25 not, that showed that those assets were worth tens		
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1 of millions of dollars, correct?		1 Q Do you think it's appropriate as a
2 MS. DANDENEAU: Objection to form.		2 business matter to pay tens of millions of dollars
3 A I saw valuation -- I saw value -- I saw		3 for an insurance policy with \$100 million of
4 spreadsheets with valuation conclusions as to		4 coverage?
5 assets. I didn't know what valuation methodology		5 MS. DANDENEAU: Objection to form.
6 was being used for those versus in an insurance		6 A I think it depends on risk and a number
7 context. So again, the idea of an imbalance		7 of -- a number of other considerations. Again, I
8 wasn't within my -- within my workflow or what I		8 was not qualified -- I was not qualified or asked
9 was being asked to opine on.		9 to provide my input as to the business sense or
10 BY MR. FEINSTEIN:		10 the business rationale. I wasn't qualified to do
11 Q When you say -- use the words in an		11 that nor was I asked. So I unfortunately don't
12 insurance context, do you think that the value of		12 have a developed view as to that point, or some
13 the assets transferred to satisfy a premium		13 sort of a conclusion that what you're describing
14 payment are -- should be treated specially because		14 is patently uncommercial.
15 they're being transferred to pay for an insurance		15 BY MR. FEINSTEIN:
16 policy?		16 Q Did you ever ask Mr. Dondero or
17 MS. DANDENEAU: Objection to form.		17 Mr. Ellington in words or substance, why are you
18 A I'm not saying that. I'm not purporting		18 paying so much in the way of assets and cash to
19 to be an insurance expert by any means. I'm just		19 satisfy a \$25 million insurance premium?
20 acknowledging that there's several ways to value		20 MS. DANDENEAU: Objection to form.
21 securities and I am an expert as to none of them.		21 A I don't remember asking them that
22 And so I hesitate, I shun this idea that I would		22 question, as you've phrased it.
23 come up with some sort of conclusion that there		23 BY MR. FEINSTEIN:
24 was an imbalance, because I acknowledge there are		24 Q Do you recall any discussions with either
25 valuation methodologies that frankly I don't		25 of them about the amount of the premium relevant

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<p>1 to the amount of assets that were being 2 transferred to satisfy?</p> <p>3 A I remember discussing with them all -- all 4 material terms, including those and including the 5 other terms of the policy.</p> <p>6 Q And in those discussions, was there 7 anything more -- any substantive discussion of the 8 relevant value of the assets being transferred to 9 Sentinel and the amount of the premium obligation?</p> <p>10 A We certainly covered those topics. Again, 11 I can't quote as to what was said, but we 12 certainly covered those topics and I was not asked 13 about the propriety or impropriety of the 14 transaction.</p> <p>15 Q But did it strike you as puzzling, that to 16 satisfy a \$25 million premium obligation, the 17 funds were going to hand over 11 million in cash 18 and securities and CLO assets that potentially 19 were worth substantially more than 14 million, 20 which would have been the balance due to satisfy 21 the premium obligation?</p> <p>22 MS. DANDENEAU: Objection to form.</p> <p>23 A Again, I wouldn't use the word puzzling. 24 I didn't -- I wouldn't say that I felt puzzled by 25 it. What I did have in mind was that it was an</p>	<p>293</p> <p>1 A As well as others. 2 Q Can you tell me to your best recollection, 3 what you and Mr. Surgent discussed on this topic?</p> <p>4 A The potential conflicts of interest and 5 other compliance issues that would otherwise 6 disqualify this transaction from being 7 appropriate. 8 Q Why would there be a conflict of interest?</p> <p>9 A As you had indicated, there was a 10 question, among many, with respect to 11 Mr. Dondero's control of Highland and his 12 beneficial -- beneficial interest in the insurance 13 company and that certainly gave rise to compliance 14 scrutiny. 15 Q Your testimony is that Surgent said it was 16 okay and that ended the matter, right?</p> <p>17 MS. DANDENEAU: Objection to form.</p> <p>18 A I don't think that's what I said. 19 BY MR. FEINSTEIN: 20 Q Well, did you push back on Surgent's 21 advice that this was not a compliance problem?</p> <p>22 A Again, I don't want to characterize what 23 he said as this is not a compliance problem. I 24 will submit that there was compliance approval, in 25 my mind, of the transaction. Did I push back on</p>
<p>1 obligation on the part of the insurance company to 2 pay cash and it was being paid with something 3 other than cash. So no, I didn't think that was 4 particularly puzzling. 5 BY MR. FEINSTEIN: 6 Q Did you ever have any one-on-one 7 discussions with Surgent about the insurance 8 policy and the transfer of assets? 9 A One-on-one, meaning just he and I? 10 Q Yes. 11 A I don't -- I'm sure we did. I can't point 12 to a specific date. And the meetings that I 13 recall had others in attendance. 14 Q Well, did you ever probe with Mr. Surgent 15 compliance determinations that there was no 16 affiliated party transaction involved and that the 17 Sentinel transaction was okay from a compliance 18 standpoint, just you and him? 19 MS. DANDENEAU: Objection to form. 20 BY MR. FEINSTEIN: 21 Q You can answer. 22 A I wouldn't call it probing, but I would 23 say that we had fulsome conversations about these 24 matters. 25 Q You and he, you and Mr. Surgent?</p>	<p>294</p> <p>1 that or push back on that conclusion? No, I did 2 not. 3 Q You said before, that nobody ever asked 4 you to restrict your discussion about the Sentinel 5 policy or the transfer of assets, correct? 6 A Yes. 7 Q There was that one e-mail at the beginning 8 that said all these documents that are being 9 prepared are attorney-client privilege. You 10 recall seeing that e-mail today? 11 A I do recall that. 12 Q Did that e-mail raise a red flag to you 13 that this transaction was different somehow or 14 questionable? 15 MS. DANDENEAU: Objection to form. 16 A I don't think it did. 17 BY MR. FEINSTEIN: 18 Q Did you ever discuss the assets that 19 remained in SOHC and CDO fund with Mr. Seery last 20 year? 21 MS. DANDENEAU: Objection to form. 22 A No. 23 BY MR. FEINSTEIN: 24 Q I just need a minute to look at my notes. 25 Would it have made more sense to you to</p>

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<p>1 satisfy the premium obligation by using the 2 \$11 million in cash that was transferred to 3 Sentinel and liquidating a CLO asset to generate 4 another 14 million instead of transferring all 5 those CLO assets?</p> <p>6 MS. DANDENEAU: Objection to form.</p> <p>7 A I don't know -- no, I don't -- I would 8 have not thought of that as an option. I don't 9 know what the marketability of them were -- of the 10 securities were. I didn't dive into any of that. 11 So I don't know -- I don't know if -- you started 12 your question, did I think it was reasonable or 13 did I think it would be a better idea to have done 14 that. It's not an analysis I performed or was 15 asked to perform.</p> <p>16 BY MR. FEINSTEIN:</p> <p>17 Q Do you know whether the transaction 18 documents with Sentinel obligates Sentinel to 19 return money to the insureds to the extent that 20 the CLO assets it received are liquidated and 21 generate cash in excess of \$14 million?</p> <p>22 A I don't know. I'd have to review it and 23 probably want outside counsel to give that 24 opinion. I don't know.</p> <p>25 Q Well, you're a lawyer and you worked on</p>	<p>1 BY MR. FEINSTEIN: 2 Q But if Highland was going to buy a piece 3 of real estate for \$25 million, isn't the analysis 4 the same, that we're going to transfer either 5 25 million in cash or we're going to transfer 6 11 million in cash and a bunch of securities? 7 It's a valuation issue, isn't it?</p> <p>8 MS. DANDENEAU: Objection to form. And I 9 think you're really straying into argumentative at 10 this point.</p> <p>11 BY MR. FEINSTEIN: 12 Q You can answer.</p> <p>13 A I understand your analogy, sir. I'm not 14 able to agree with your way in. That's outside of 15 my work.</p> <p>16 Q Which part of my question don't you 17 understand? It's a simple question.</p> <p>18 MS. DANDENEAU: Objection to form.</p> <p>19 A I didn't say I didn't understand it. I 20 just said I'm not -- I understand your analogy. 21 I'm just not willing to agree or disagree. There 22 are questions as to liquidity of the securities. 23 There are questions of when the cash is needed, 24 what the risk of the investment -- I mean, there 25 are so many variables, I think it's unfair to ask</p>
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<p>1 the transaction documents. Do you recall anything 2 in the documents that obligate a rebate, if you 3 will, to the funds if the CLO assets were sold for 4 more than what was needed to satisfy the premium 5 obligation?</p> <p>6 MS. DANDENEAU: Objection, asked and 7 answered.</p> <p>8 A I don't recall that being a provision. I 9 would have to -- but I haven't committed the 10 document to memory, so I don't want to --</p> <p>11 BY MR. FEINSTEIN:</p> <p>12 Q To the extent that that was not a 13 provision and you worked on the transaction, did 14 you ever suggest to anyone at Highland that such a 15 provision be sought, given the value of the assets 16 being transferred?</p> <p>17 A I did not -- I did not tell anyone at 18 Highland that. I did not say -- I did not say 19 that to anyone at Highland. Sorry.</p> <p>20 Q Did you think about it at the time?</p> <p>21 MS. DANDENEAU: Objection to form.</p> <p>22 A Candidly, insurance was not my bailiwick. 23 I relied on the subject matter experts to know 24 what was reasonable and feasible.</p> <p>25</p>	<p>1 me to agree with a very simple premise like that. 2 MR. FEINSTEIN: I have no further 3 questions.</p> <p>4 MS. SMITH: I'm ready.</p> <p>5 FURTHER EXAMINATION</p> <p>6 BY MS. TOMKOWIAK:</p> <p>7 Q Okay. Mr. Sevilla, I just have some 8 cleanup questions. Do you know whether Sentinel 9 was a managed fund?</p> <p>10 MS. SMITH: Objection to form.</p> <p>11 A Managed fund. Can you be a little more 12 specific? What do you mean by managed fund?</p> <p>13 BY MS. TOMKOWIAK:</p> <p>14 Q Is that a term that you -- that was used 15 at Highland?</p> <p>16 A Yeah, I mean, generally, the concept of a 17 fund managed by Highland.</p> <p>18 Q Would you consider Sentinel to be a fund 19 managed by Highland?</p> <p>20 A I never considered it that way.</p> <p>21 Q When the funds purchased the policy from 22 Sentinel, did you think that they were buying 23 coverage in the event that there was legal 24 liability to UBS in the state court action?</p> <p>25 MS. SMITH: Objection to form.</p>

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1 A Yes.		1 compliance review sort of apogee.	
2 BY MS. TOMKOWIAK:		2 Q Who reached that conclusion?	
3 Q And there's no question that before you		3 A The chief compliance officer.	
4 left Highland, you were personally aware of the		4 Q Mr. Surgent?	
5 \$1 billion judgment in UBS's favor against the		5 A Yes.	
6 funds; is that right?		6 Q Anybody else?	
7 A I had become aware of it before I left		7 A Compliance was the only -- at least as far	
8 Highland.		8 as I know, compliance was being asked to weigh in	
9 Q You testified earlier today and in		9 on these questions.	
10 response to the debtor's questions, that at this		10 Q And what about the issue of whether the	
11 meeting that occurred in the conference room, the		11 insurance company was a bona fide counterparty?	
12 conflict of interest was one compliance question		12 Was there any conclusion reached with respect to	
13 among many. What were the other compliance		13 that issue?	
14 questions?		14 A I think the answer was, yes, that it was.	
15 A Suitability of the funds to -- and		15 Q And who reached that conclusion?	
16 wherewithal to purchase the -- or enter into the		16 A I think for some of the securities, I	
17 insurance policy. Where the fund -- where the --		17 think it ultimately would have been approved by	
18 where the assets -- how Sentinel would hold the		18 Mr. Surgent, but I think there was a question as	
19 assets and whether that was acceptable. But, you		19 to some of the securities that involved Mr. Post	
20 know, I think of compliance approval and I think		20 weighing in, but I would consider it having been	
21 of a whole bevy of -- a whole bevy of issues, some		21 approved by compliance versus one person or	
22 of which involve conflicts of interest, some of		22 another.	
23 which involve, you know, an ability of a fund to		23 Q So whether or not Sentinel was a bona fide	
24 enter into a given investment or transaction,		24 counterparty depended on the -- depended on the	
25 things of that nature.		25 securities being transferred to Sentinel? I'm	
	302		304
1 Q Other than the two issues that you		1 confused by that.	
2 mentioned, and I want to talk about each of them,		2 A Whether Sentinel was qualified to take	
3 are there any other compliance issues that you		3 ownership of certain securities, is what I mean.	
4 recall being raised during that meeting?		4 Q I see. Was Mr. Post a Highland employee	
5 MS. SMITH: Objection to form.		5 at this time?	
6 A I think the appropriateness of the		6 A I believe so.	
7 transaction on a holistic level. I believe that		7 Q Okay. And so with what securities do you	
8 was part of the compliance review and approval		8 believe he would have weighed in on?	
9 ultimately.		9 A I think there were some questions as to	
10 BY MS. TOMKOWIAK:		10 interval funds. I don't have more specific	
11 Q Anything else?		11 recollection than that.	
12 A That's what I can think of now.		12 Q What's an interval fund?	
13 Q What do you mean by suitability and		13 A A fund where the -- as I understand it,	
14 wherewithal to purchase?		14 the redemption period is -- it's fixed by length	
15 A It involves a lawsuit. Is the lawsuit		15 of time. So it could be quarterly, it could be	
16 active and alive? Is the insurance company a bona		16 yearly, but there's an interval in which the	
17 fide counterparty? Things like that.		17 investor can be redeemed, as far as I understand,	
18 Q Okay. And were any conclusions reached		18 and that's a very rudimentary sort of	
19 about whether the lawsuit was active and alive?		19 understanding of it.	
20 A I believe the answer is yes, it was.		20 Q And were any conclusions reached at the	
21 Q Okay. And do you recall that conclusion		21 meeting as to whether or not Sentinel could, in	
22 being reached during that meeting?		22 fact, take ownership of all of the assets that	
23 A I remember that conclusion being reached.		23 were contemplated being transferred to Sentinel?	
24 I don't necessarily know whether it was during		24 A I think that would have been subsequent to	
25 that meeting or subsequent meetings, in the		25 the larger meeting.	

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1 Q Okay. And when do you -- well, first of
2 all, was that conclusion, in fact, reached?

3 A Yes.

4 Q And when was that conclusion reached?

5 A Over the course of August, I would say. I
6 don't have an exact date.

7 Q Who reached that conclusion?

8 A Again, the compliance group, Mr. Fuentes,
9 I think was asked or weighed in, but, yeah, I -- I
10 can't point to a specific individual. I just
11 considered it a compliance-approved component to
12 the transaction.

13 Q Okay. And Mr. Fuentes, was he employed by
14 Highland or NexBank at this time?

15 A I don't know.

16 Q You don't know. Okay. But you recall him
17 being involved in discussions regarding the assets
18 that were being transferred to Sentinel?

19 A I recall he had to weigh in on certain --
20 on certain assets.

21 Q Okay. Did those assets relate to NexBank;
22 do you recall?

23 A NexBank?

24 Q Yeah.

25 A No, I don't think anything related to

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1 different Highland touchpoints I previously
2 mentioned.

3 BY MS. TOMKOWIAK:

4 Q So did the legal department have no role
5 in that?

6 MS. SMITH: Objection to form.

7 A No, I would say legal -- yeah, I -- the
8 legal department would have an approval component,
9 sure.

10 BY MS. TOMKOWIAK:

11 Q And would that be Mr. Ellington?

12 A Mr. Ellington and Mr. Surgent.

13 Mr. Surgent -- both of them, I think, as GC and
14 deputy GC.

15 Q And I spoke earlier about NexBank. What
16 about NexPoint? Do you recall if any of NexPoint
17 securities were involved?

18 A I think so. I don't recall directly, but
19 I think so.

20 Q Okay. And again, during this conversation
21 or these series of conversations about the
22 appropriateness of the transaction at a holistic
23 level and various conflicts of interest issues,
24 was -- Mr. Ellington's ownership interest in
25 Sentinel was never discussed?

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1 NexBank.

2 Q And then you also mentioned that the
3 appropriateness of the transaction on a holistic
4 level was discussed. What do you mean by that?

5 A The transaction was -- the material terms
6 and documentation of the transaction were
7 discussed. Different groups had a chance to weigh
8 in, and my understanding was that the conclusion
9 was that it was appropriate, feasible, complied
10 with compliance regulations, the Highland
11 compliance handbook, any other kind of governing
12 regime at Highland.

13 Q So between Mr. Surgent, Mr. Stoops, you
14 and Mr. Ellington, the conclusion was reached that
15 this transaction complied with any other type of
16 governing regiment at Highland; is that what you
17 meant to say?

18 MS. SMITH: Objection to form.

19 A No, I wasn't asked to weigh in on
20 compliance matters or feasibility of the trade or
21 any of those matters. What I would say is,
22 between that meeting and the subsequent -- and
23 meetings subsequent to that, the transaction was
24 approved from a compliance perspective, tax,
25 accounting, trading and settlement, all the

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1 MS. SMITH: Objection to form.

2 A I have no doubt that it was discussed. I
3 just don't remember it creating a conflict of
4 interest question or issue.

5 BY MS. TOMKOWIAK:

6 Q And when you say you have no doubt that it
7 was discussed, do you believe that it was
8 discussed during the July 2017 meeting that you
9 talked about?

10 A I don't know necessarily if it was
11 discussed then. Again, it wasn't a compliance --
12 I don't think it gave rise to a compliance issue,
13 but in discussing the transaction and Sentinel, it
14 certainly came up. I just don't think it created
15 a compliance -- a compliance issue that needed to
16 be analyzed or resolved.

17 Q Did Mr. Ellington ever recuse himself from
18 any of these conversations?

19 A Not that I recall.

20 Q You testified that after the independent
21 board took over, your plate was full and you
22 didn't think that it was your responsibility to
23 bring this policy to their attention. Do you
24 remember that? Do you remember that testimony?

25 MS. SMITH: Objection, form.

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1 A I remember testimony to that effect.	1 would be affiliates?	
2 BY MS. TOMKOWIAK:	2 MS. SMITH: Objection, form.	
3 Q Okay. Did you assume that somebody else	3 A That I would use -- can you be a little	
4 would bring it to their attention?	4 more specific?	
5 A My assumption solely was that other --	5 BY MS. TOMKOWIAK:	
6 other colleagues were working on these different	6 Q That you would use in your capacity as a	
7 litigation matters and working with the	7 lawyer. Is there any definition of affiliates	
8 independent board and the Pachulski firm about	8 under which Highland and Sentinel would be	
9 these matters. I -- the only assumption I had is	9 affiliates?	
10 that all of those people were working together and	10 MS. SMITH: Objection to form.	
11 working effectively together.	11 A The only legal term of art I know of is	
12 Q Do you think any of those colleagues had a	12 this concept that affiliates are entities under	
13 duty to bring the UBS policy to the board's	13 common control, which I think derives from the	
14 attention?	14 securities laws. Applying that definition, I	
15 MS. SMITH: Objection to form.	15 would say that they're not.	
16 A I don't know what was asked, what	16 BY MS. TOMKOWIAK:	
17 discussions they had or otherwise. I really can't	17 Q And how do you reach that conclusion?	
18 opine.	18 A Because I don't think they're under common	
19 BY MS. TOMKOWIAK:	19 control.	
20 Q Okay. And you didn't have an assumption	20 Q Why don't you think they're under common	
21 one way or the other that somebody was going to	21 control?	
22 bring that to the board's attention?	22 A They're controlled by two different sets	
23 A Again, my only assumption was that very	23 of people.	
24 qualified people were working with the Pachulski	24 Q And it doesn't matter if those two	
25 firm and the independent board on these matters.	25 different sets of people have any overlap?	
	310	312
1 These weren't matters I was working on. And that	1 MS. SMITH: Objection to form.	
2 they were effectively being handled, worked on,	2 A Those two sets of people have any overlap.	
3 addressed and resolved.	3 What do you mean by that?	
4 Q So as Highland's assistant general counsel	4 BY MS. TOMKOWIAK:	
5 at the time that the policy was entered into, were	5 Q Well, you said that they're controlled by	
6 Highland and Sentinel affiliated entities?	6 two different sets of people, right?	
7 MS. SMITH: Objection to form.	7 A Yes.	
8 A I think the compliance conclusion is that	8 Q And those two different sets of people	
9 they were not affiliates.	9 included at least, at some point in time,	
10 BY MS. TOMKOWIAK:	10 Mr. Dondero, correct?	
11 Q Did you have a conclusion as to whether or	11 A Yes.	
12 not they were affiliates?	12 Q And that doesn't change your analysis as	
13 MS. SMITH: Objection to form.	13 to whether they're controlled -- they're under	
14 A I was not asked nor was that -- nor would	14 common control; is that right?	
15 it have mattered what -- my view. Compliance's	15 A Right.	
16 perspective was the one that counted.	16 Q I'm going to hand you what we will mark as	
17 BY MS. TOMKOWIAK:	17 Exhibit --	
18 Q Okay. But did you have a view?	18 A 66.	
19 A I deferred and agreed to compliance. I	19 Q -- 66; is that right?	
20 didn't have reason to think they were wrong or	20 (Deposition Exhibit 66 marked for	
21 they had missed something.	21 identification.)	
22 Q Do you still hold that belief today?	22 A Okay.	
23 A Yes.	23 BY MS. TOMKOWIAK:	
24 Q Is there any definition of affiliates that	24 Q Mr. Sevilla, is this the document that you	
25 you would use under which Highland and Sentinel	25 found in your Gmail that you produced to us?	

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1	A Yes.	1	wanted to make the investment and it required
2	Q I think you testified earlier that you	2	director approval and processing. So I reached
3	didn't typically use your Gmail -- well, that you	3	out to the directors.
4	didn't use your Gmail for work purposes. Do you	4	Q Okay. I see. So Mr. Ellington had the
5	know why you're forwarding this particular e-mail	5	idea for Sentinel to invest in this fund?
6	to your Gmail?	6	A Yes.
7	A I believe the file was corrupted and I was	7	Q Okay. Do you know why he wanted to invest
8	resending it to myself to try and open it with a	8	in this fund?
9	different program. That's vaguely my	9	MS. SMITH: Objection, form.
10	recollection. But it was certainly an aberration	10	A That was not shared with me.
11	to do that. That's not something I did.	11	BY MS. TOMKOWIAK:
12	Q So as far as you can recall, you would	12	Q He didn't tell you why?
13	forward items to your personal e-mail if you were	13	A I don't recall. I don't recall why.
14	having some type of technological issue?	14	Q Well, you write here: Please expedite as
15	A No. I think this was a one-time thing.	15	15 this is time sensitive.
16	It's not something I did.	16	Do you recall why it was time sensitive?
17	Q And this e-mail reflects that Sentinel is	17	A I don't remember why it would have been
18	investing in the Sequoia fund that you mentioned	18	time sensitive.
19	earlier, right?	19	Q Are you aware of any other investments
20	A I think that's what it was called. The	20	20 like this by Sentinel between 2012 and 2017?
21	gold fund or whatever the --	21	A Like what?
22	MS. SMITH: Objection to form.	22	Q Like the Sequoia fund. Are there other
23	A I don't remember the formal name. Sequoia	23	23 instances where Mr. Ellington came to you and
24	Diversified Growth Fund.	24	24 asked you to assist with investment on behalf of
25	BY MS. TOMKOWIAK:	25	25 Sentinel?
	314		316
1	Q And do you recall anything about that	1	A No.
2	fund?	2	MS. TOMKOWIAK: Okay. We have no further
3	A It was -- the manager was based in the	3	questions. We would just mark this transcript
4	Middle East. It was related to investments in	4	confidential and remind everybody that it is
5	gold. It would pay a dividend and Sentinel was in	5	subject to the confidentiality agreement that we
6	the investment for a set period of time, a year or	6	looked at earlier, including all of the documents
7	maybe 18 months, could have been less, but it	7	7 that we've reviewed today.
8	was -- it was a somewhat nominal investment in	8	THE VIDEOGRAPHER: Anybody else?
9	this gold fund. I didn't really know much else	9	MS. SMITH: No.
10	about it.	10	MS. DANDENEAU: No.
11	Q And your e-mail, Friday, May 6, 2016, at	11	THE VIDEOGRAPHER: This concludes the
12	9 a.m., you mention that Sentinel's funds for this	12	videotaped deposition of Jean Paul Sevilla. The
13	investment are already at Noor Capital. Is that a	13	time is 6:32 p.m. We are off the record.
14	financial firm in the Middle East?	14	(Deposition concluded at 6:32 p.m. CDT)
15	A Noor Capital was the -- yes, it's a	15	
16	financial firm in the Middle East. Yes.	16	
17	Q Do you know why Sentinel wanted to invest	17	
18	in gold in the Middle East?	18	
19	A I don't know. I don't know why.	19	
20	Q Do you know why they reached out to you to	20	
21	handle the subscription documents?	21	
22	A I'm sorry, who's they?	22	
23	Q Christopher Watler, Andrew Dean, Amelia	23	
24	Watler.	24	
25	A No, I reached out to them. Mr. Ellington	25	

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1 ACKNOWLEDGMENT OF DEPONENT

2 I, JEAN PAUL SEVILLA, do hereby
3 acknowledge that I have read and examined the
4 foregoing testimony, and the same is a true,
5 correct and complete transcription of the
6 testimony given by me and any corrections appear
7 on the attached Errata sheet signed by me.

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11 (DATE) (SIGNATURE)

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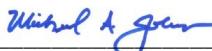
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1 REPORTER'S CERTIFICATION

2 I, Micheal A. Johnson, the officer before
3 whom the foregoing deposition was taken, do hereby
4 certify that the foregoing transcript is a true
5 and correct record of the testimony given; that
6 said testimony was taken by me stenographically
7 and thereafter reduced to typewriting under my
8 direction; that reading and signing was requested;
9 and that I am neither counsel for, related to, nor
10 employed by any of the parties to this case and
11 have no interest, financial or otherwise, in its
12 outcome.

13 IN WITNESS WHEREOF, I have hereunto set my
14 hand this 27th day of July, 2021.



18 MICHEAL A. JOHNSON, RDR, CRR
19 NOTARY PUBLIC IN AND FOR
20 THE STATE OF TEXAS

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